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English Summary of Major Articles

904M0008A Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 1, Jan 90 pp 158-159

[Text] P. Khvoinik. "Imperialism: the Term and its Content." The author questions whether the term "imperialism" and the corresponding notion actually reflect the current stage of the development of capitalism. The content of this notion has undergone a number of profound changes due to various historical factors. The qualitative and quantitative differences seem quite obvious when one starts to compare the imperialism of the beginning and end of the current century. The author analyzes at length several of the main features of imperialism which reflect the relations between center and periphery, i. e., export of capital, division of the world among the unions of capitalists and division of the world by the great powers. The author proves that most of these features have been radically reformed

In this connection he criticizes the outdated concepts, according to which the main source of capitalist wealth is the exploitation by capitalist states of the underdeveloped countries. Although the developing countries still serve as suppliers of raw materials and markets for industrial goods, their role is in no way dominant and their share in these shares is constantly diminishing. The author answers positively to the question whether capitalism can do without neocolonialism and whether it can function without nonequivalent exchange with Third World countries. Moreover, he expresses the view that the very existence of nonequivalent exchange cannot be proved either by theoretical argument or by practical evidence.

To define the modern stage of capitalism it is necessary to specify differences between the original and the contemporary usage of the term "imperialism." It is also essential to take into account specific historical periods during which this notion was formed and which were reflected in the Leninist theory of imperialism. New political thinking requires novel approaches leading to better understanding of the ongoing trends in the world and in any case the very term "imperialism" seems now completely inadequate to characterize the main features of the present stage of capitalism.

S. Nikitin and M. Gelvanovsky. "Where Do We Stand? (The Soviet Economy from the Point of View of International Comparisons)." The authors suggest that in order to gain a better understanding of the main features of the Soviet economy it should be compared with that of the leading capitalist countries, primarily the United States. Various alternative estimates of the Soviet economy, which exist in the West and appear in Soviet economic literature differ greatly from similar number

indices provided by official Soviet statistics. The authors analyze existing comparisons between the USSR and the USA in two major indices-national income (NI) and GNP. They conclude that quantitatively the estimates offered by the CIA appear to be well-grounded, although they do not take into account the better quality of U.S. goods. Another issue discussed in the article is the official and alternative comparison of the rates of economic growth. The Soviet estimates are based on comparing officially estimated rates of growth of national income and industrial production with similar rates of growth in the US. However, these indices, according to the authors, cannot be compared due to completely different methods of estimation. The authors specifically mention the works of G. Khanin, the first Soviet economist to offer his own estimates of the growth of Soviet NI during 1928-87, giving the full description of his methodology. The estimates by G. Khanin have shattered the myth of a rapid growth of Soviet economy during the period of Stalin rule, showing a more favorable period of growth from mid-1950s to mid-1960s.

To give a full picture of the Soviet economic situation, the authors take up the issue of comparing major economic proportions. They suggest that the task of normalizing economic proportions should be dealt with together with a set of short-term measures aimed at eliminating the budget deficit and restoring the balance between consumption funds and incomes.

1. Ponomareva. "Geopolitical Factors of Foreign Policy: the Modern Vision." In order to establish new, democratic norms of relations between the states it is necessary to revise certain notions in the theory of international relations. One of these notions is geopolitics, the concept that until recently has been used in this country only in negative terms and was often linked to the policy of fascist Germany or to the "hegemonism" of the United States. The author attempts to analyze the meaning of geopolitics, to show the difference between geopolitics and political geography. The concept of geopolitics, which was first worked out by a well-known British geographer H. Mackinder, is now undergoing radical changes due to the fact that the present-day world has entered a new phase of its development. The emergence of nuclear weapons and of nuclear parity dictates its own rules of conduct in relations between the states. The time has come when the use of force should be excluded from foreign policy of the states, so that they can establish new relations based on the principle of common human values. The author analyzes the traditional American interpretation of geopolitics, critically assesses the views of Western scholars H. Mackinder, A. Mahan, I. Speakman, and others. Most of these views reflect the bipolar approach, according to which world affairs are considered to be governed by a "zero-sum"

The development of a new approach to international relations requires, according to the author, the revision of various links and commitments between the allies

within the bloc structure. Eventually, the politicalmilitary alliances will be eliminated and the policy of balance of interests will replace the policy of balance of power.

Y. Borko and B. Orlov. "Building a 'Common European Home': Problems and Perspectives." A year ago two leading Soviet scholars-economist Y. Borko and historian B. Orlov exchanged their ideas in this journal on the issues concerning the fate of Europe. Their article aroused great interest among the Soviet and foreign readers. In this issue of the journal the authors continue their dialogue on the problems and perspectives of building a "common European home." The underlying idea of this concept is the concord of nations living in the spirit of freedom, culture and pluralism. However, the key element of this mechanism is trust. Hence, the delicate character of the whole idea of a "common European home." The main problem on the way to mutual understanding is to correlate the Soviet vision of the "home" with that of our partners. The idea itself is novel only to the Soviet. In the West the first image of Europe as a Christian community confronting the values of European civilization and their acceptance by the Russian intelligentsia. They state that the existing institutions of the European Community could serve as a prototype of the future common European mechanism. At the same time, similar mechanisms do not yet exist in the framework of CMEA/CEMA.

The authors thoroughly analyze a number of other issues, including the so-called independent "European defense" and the barriers that still exist in the spheres of economy and ideology. They give their assessment of Yalta agreements and of the "Brezhnev doctrine," judging them from the position of new political thinking.

V. Igorey, "The Process of Evolution and Coexistence of the Two World Systems." The author states that in the process of evolution of mankind each new social formation differs from the previous one in a higher stage of development of productive forces and increased individual freedom of those who produce material and spiritual values. Main economic, social and cultural achievements of each stage become the basis for further development of civilization. However the Stalinist model of socialism did not become the next, higher stage as compared to the capitalist stage of evolution. The experience of a number of countries which fall under the category of socialist countries shows that they failed to realize the main advantage that socialism claimed to give—to achieve better efficiency of productive forces. Considering the societies that were supposed to replace capitalism, the author points to serious distortions of the socialist ideas in these societies, making them similar to the socioeconomic structures of certain feudal societies.

The author suggests that the countries with the command system of economic management should accept the fundamental economic laws governing the development of civilization. It is also essential to liberate the producers economically and provide them with political freedoms. The integrity of the world can be achieved only through necessary democratic mechanisms. In conclusion, the author observes that the main obstacles to achieving the goal of harmonization of international relations lie not in the realm of foreign policy but in the sphere of domestic policics.

A. Salmin. "Convergence and Strategic Stability." In this article, the author poses a question whether the present 'coexistence" of the two world systems leads to their "convergence" and whether "convergence" in itself can bring about some sort of "integral world," that is a world without wars, without serious conflicts, or perhaps even without state borders. Confrontation between the two world systems has always been accompanied by the development of certain structures in each system (in the areas of defense, administration and management, sometimes in the spheres of economy and state ideology) which would either be similar or at least would take into account the corresponding structures of the other side. This process resembles a sort of biological symbiosis when two organisms which have to coexist start to adapt to each other. The author suggests that "convergence" between the two systems and "normalization of relations between them do not necessarily represent follow-on stages of a single process leading to some "integral world." One problem is ambiguity and vagueness of the term "world systems," another problem is due to the fact that the genesis of the "world systems" and their functions in the world community represent quite different notions. The author shows that during the last two decades the bipolar model of relations between the two powers leading in political, ideological and military spheres would come into contradiction with the overall character of world development. This military-political bipolarity which was formed in the postwar period contradicted the nature of demographic, economic and technical development of the contemporary world. The author explains why the problem of normalizing relations between the superpowers was closely connected to the question of regional conflicts, discusses the stability of the whole system of political and economic relations.

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Imperialism Without Empires: A Reappraisal

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[Article by Pavel Ignatyevich Khvoynik, doctor of economics sciences; professor; chief scientific associate, USSR Academy of Sciences World Economics and International Relations Institute: "Imperialism: The Term and Its Content"]

[Text] At the end of the 19th century, capitalism entered the new, imperialist stage of its development. Since that time, about a century has elapsed or even a little less if we date the birth of imperialism back to the last quarter JPRS-UWE-90-005 19 June 1990

of the past century. The world has changed beyond recognition during this period of history and imperialism as such has also undergone significant change. Probably the only thing that has not changed is the very term "imperialism," which has become a popular cliche that is applied appropriately and inappropriately. Now, on the eve of the 21st century, the term less and less reflects the definition of the concept that it is supposed to reflect and indeed the concept itself must be substantially redefined vis-a-vis its original meaning.

In our view the creative rethinking of the character of modern capitalism is a task that is long overdue. It is dictated by serious, in large measure, basic differences in world development compared with those that existed 100 or even 50 years ago. The timeliness of this task is just as obvious as its complexity. Hence we shall for now confine our scrutiny only to those economic aspects of the problem that stem directly from the definition of modern capitalism specifically as imperialism and not something else.

It is appropriate in this connection to pose first of all two questions, the answers to which will largely determine the interpretation of the essence of imperialism in our day. First, to what degree do the term "imperialism" and the concept corresponding to it reflect the basic content of the present stage of development of capitalism? Second, are specifically imperialist relations (i.e., in the direct sense of the word—relations between the dominant center and the empire's oppressed periphery) the foundation of capitalism's economic development?

V. I. Lenin's classic work "Imperialism as the Highest Stage of Capitalism"—which is not only an exemplar of Marxist analysis of reality at that time, but also provides a key to understanding the dialectics of development of modern capitalism and its economic structure—is of fundamental importance in answering these questions.

Genesis of the Term "Imperialism"

While imperialism as a concept dates back to the formation of ancient colonial empires, its content has changed depending on concrete historical conditions because "colonial policy and imperialism existed before the latest stage of capitalism, and even before capitalism. Rome, founded on slavery, pursued a colonial policy and practiced imperialism. But 'general' disquisitions on imperialism, which ignore, or put into the background, the fundamental difference between socioeconomic formations, inevitably turn into the most vapid banalities...."

The era of colonial usurpation, in which the vast empires of Great Britain, Spain, and Portugal formed, led to imperialism (in the indicated definition) on an unprecedented scale. Colonial plunder and colonial trade accompanied the initial accumulation of capital and were a substantial source of the mother countries' enrichment. It is indicative, however, that this seemingly most imperialist period of history was never called imperialism neither then nor later. Its time did not come until the late 19th and early 20th century when, as V. 1.

Lenin noted, "during the last 15 to 20 years, especially since the Spanish-American War (1898) and the Anglo-Boer War (1899-1902), the economic and also the political literature of the old and new world has more and more often adopted the term 'imperialism' to describe the present era."²

It is indicative that this definition was arrived at both by bourgeois scholars, among whom note should be taken of J. A. Hobson, who gave a "very good and comprehensive description of the principal specific economic and political features of imperialism," and by Marxist researchers, especially R. Hilferding, who made "a very valuable theoretical analysis of the 'latest phase of capitalist development'." Why was this specific stage in world history so unanimously called imperialism even though even with the obvious expansion of colonialist empires, capitalism developed not so much through colonial usurpation as on the basis of the rapid growth of all branches of the internal economy of the leading countries and especially industrial production?

An exhaustive answer to this question was given by V. I. Lenin, who showed that the goals and essence of colonial policy changed with the advent of finance capital in the monopolistic stage of capitalism. "...Capitalist colonial policy of previous stages of capitalism is essentially different from the colonial policy of finance capital. The principal feature of the latest stage of capitalism is the domination of monopolist associations of big employers...Hence, the inevitable striving of finance capital to enlarge its spheres of influence and even its actual territory."

Consequently, no matter how important the fact of the expansion of colonial empires, not it but the change in the character of these empires and their role in the system of the world capitalist economy determined the differences between old and new imperialism. The old, purely colonial imperialism was replaced by the new—an imperialism of monopolies and finance capital that became the basis of world capitalism's economic structure. It was for this very reason that V. I. Lenin emphasized that with the advent of the imperialist stage of capitalism, "the word imperialism revives anew with new content".

This thesis has fundamental methodological significance for understanding the particularities of the modern stage of capitalist development. It makes us ask ourselves if the word imperialism today as well is not being filled with some new content, whether a "newer" imperialism has not come to take the place of what was "new" at the time. Such a formulation of the question is dictated above all by the enormous changes that have taken place in the elapsed historical period in capitalism's entire social life, in its economy, and in the structure and character of world economic relations. The qualitative and quantitative changes are so obvious that it is impossible to automatically equate imperialism at the beginning and end of the present century or imperialism in the colonial era with imperialism without colonial empires.

Of course, it can be said that many features of imperialism, especially the exploitative objectives in former colonies, have changed little in principle. Nevertheless, it can be said that the five classical features of imperialism today as well clearly reveal the place of this special stage of capitalist development in history. Whether these features are just as sufficient as in the past or whether they need to be refined and supplemented for an exhausted description of modern capitalism, to say nothing of whether capitalism itself has now entered a new, not yet properly identified stage of development is another question.

Leaving aside this more general problem for the time being, we shall confine our examination from the positions of modern reality to those aspects of the traditional characterization of imperialism that most concern its imperialist (in the literal sense of the word) aspects in the sphere of world economic relations. It is specifically in this sphere that the most serious changes are seen between the new and what we shall for the time being call contemporary imperialism, i. e., the capitalism of our day.

Evolution of the World Economic Characteristics of Imperialism

The directly imperialist component of imperialism is characterized by three of its five basic features. As is known, they include the export of capital, the division of the world among capitalist alliances, and the division of the world among the great powers. There have been deep, occasionally cardinal changes in all these areas throughout the 20th century.

Let us begin with the third feature of imperialism, according to which the "export of capital, unlike the export of commodities, acquires especially great importance."6 Data at the beginning of the century entirely confirm this thesis, while showing the significant excess of the sum of foreign capital investments over the value of commodity trade. Thus, according to various authors, in 1910 British capital overseas totaled 3,192 million pounds sterling, while exports amounted to 431 million. Combined British, French, and German overseas capital in the same year was determined as 145-150 billion francs, while the foreign trade turnover of these countries was 58 billion, which corresponded to exports of approximately 25 billion francs (exports usually account for a little less than half of turnover). Thus, different sources yielded the same correlation: foreign capital exceeded the export of commodities approximately 6-7-fold.

An entirely different picture is seen at the present time. In 1985 world capitalism's commodity exports were valued at \$1728 billion?, but the cumulative sum of direct foreign investments at the end of this year was \$712.5 billion. If we add to this the probably size of investment portfolios that account for about one-fourth of all foreign capital investments, the combined sum of

the latter may be evaluated at a figure on the order of \$1 trillion or almost half of the value of commodity exports.

There have also been striking changes in the geographical structure of capital exports. Foreign investments are now losing their imperialistic character at least in the sense that all of them are less and less oriented toward former colonial and present dependent countries that formerly belonged to the orbit of colonial empires. Even though the incompleteness and methodological imperfections of the old statistics significantly diminish the possibility for direct comparison with modern data, nevertheless even approximate evaluations reveal the indicated trend quite clearly.

Thus, calculations at the beginning of the century permit us to assume that by 1910 colonial and dependent countries accounted for approximately two-thirds of the aggregate foreign capital of Great Britain, Germany, and France. (These figures are confirmed by later calculations indicating that in 1914 countries that were developing countries according to today's classification accounted for 62.8 percent of all direct foreign investments and in 1938—even 65.7 percent⁹). Such a high share of backward countries was determined above all by the colonial structure of foreign investments of Great Britain, to which approximately half of the capital of the leading imperialist powers belonged at the beginning of the century. The British empire concentrated 49 percent of British capital; including other countries outside the empire-69 percent.

The situation changed dramatically after World War II not only as a result of the weakening of Great Britain's positions and the transformation of the USA into the main exporter of capital, but also as a result of the predominant intensification of cross-flows of capital between the most highly developed countries. Consequently the share of developing countries as the sphere of application of direct foreign investments of imperialist powers declined from two-thirds on the eve of World War II to 32.3 percent in 1960 and 25 percent in 1985. (This is all the more indicative since, we recall, direct investments now occupy approximately 75 percent of all foreign investments, whereas at the beginning of the century their share was less than 10 percent, but the bulk consisted of investment portfolios 10). Thus, geographical structure also attests to the "deimperialization" of capital exports today. Even if they continue to emanate from what are customarily called imperialist countries, they no longer go primarily to empires past or present.

Imperialism's fourth feature—"international monopolist capitalist associations which share the world among themselves" has undergone still greater qualitative transformation. The traditional view of the international monopoly, international monopoly, international arrel, and international alliance of capitalists stemmed, first, from such a feature of internationality [mezhdunarodnost] as the amalgamation of the capital of different countries and of different national origin. However the

further concentration of production and capital in accordance with objective need for increasing the optimal size of enterprises at the new level of scientific-technical progress led to the growth of economic power not so much of cartel-type international alliances as to the growth of very large concerns and corporations acting independently.

The gigantic size and dramatically increased scale of their international operations enable transnational corporations (TNC's)—which comprise the heart of the modern capitalist economy—to monitor the market even if they are not directly allied with capitalists in other countries. As a result of radical changes in the structure of property, unlike earlier multinational alliances of capitalists of different countries, today's TNC's have become de facto uninational alliances. Among the 600 leading industrial TNC's in 1985, there were only two (!) companies whose property belonged primarily to capitalists in several countries.

While emphasizing the uninational character of modern international companies, we note that the fact that the owners of some of their joint-stock capital live in other countries does not basically alter anything because the dominant positions belong to capital in the country where the home office is located. This applies not only to foreign firms in which the mother company has the controlling package of stocks and is by definition entirely in charge (they include approximately 90 percent of the foreign affiliates of American and British TNC's), but also to many seemingly independent firms, because "a foreign company usually requires considerably less than full ownership to control the activity of its foreign affiliate." ¹²

Second, the "economic partitioning of the world between international trusts, the partitioning of countries by agreement into market areas" was the main sphere of the activity of international alliances at the dawn of imperialism. Cartel conspiracies were directed primarily toward ensuring advantageous terms of purchase of raw materials and sale of finished products, while production in foreign countries where [cartel] capital was invested played a secondary role.

Now, however, with the internationalization of the productive forces, TNC's are increasingly making the transition from operations in the distribution sphere to direct foreign production. Thus, while the share of the nonproductive sector in direct U. S. foreign investments in 1929 was 45 percent, by 1970 it had declined to 23 percent. Particularly rapid growth of foreign production was seen in the '70s when the share of foreign operations in the leading industrial TNC's increased on the average (in percent): from 30 to 40 (sales); from 31 ' 33 (total assets); from 39 to 46 (employment); and from 49 to 53 (income).

All this shows the substantial change that has taken place both in the subjects of international monopolistic associations and the sphere of their activity and in the forms of their interaction. Under the present oligopolistic structure of the market, the dominant instrument for its partitioning is no longer so much the traditional marketing or purchasing cartels as silent agreements between TNC's on technology, patents, production program sharing, and the coordination of price and commercial policy. At the same time, as many researchers noted, "it is, of course, impossible to exclude the possibility that conspiracies to partition markets continue to exist, only in more successfully masked forms. However there are many grounds for believing that the scope of such effective agreements has significantly diminished." ¹⁴

Finally, imperialism's fifth feature remains to be examined. It is quite obvious that it is generally inapplicable to modern capitalism and has only historical significance. While in 1914, when colonies accounted for 56 percent of the earth's entire territory, the thesis that "the territorial division of the earth by the largest capital powers is ended" truly reflected a substantive aspect of imperialism, after the collapse of the colonial system, it was in fact devoid of meaning, in any event, its initial meaning.

Of course, it is possible to speak of the military-strategic division of the world, of the objects and subjects of imperialist policy, of the existence of spheres of political and economic influence of the largest capitalist powers. However these spheres largely do not coincide with the borders of former colonial empires and, above all, it is long since such influence has been based on direct colonial possession. Colonial partitioning without colonies today sounds just as anachronistic as imperialism without empires, and this term itself, when stripped of its "imperial" soil is as if suspended in mid-air.

While noting serious changes in the economic structure of the modern world, many elements of which no longer fit the framework of the features examined above, it is also appropriate to address certain other aspects of the characterization of imperialism that are also directly connected with its world economic aspects. This first of all concerns the definition of imperialism as parasitiand decaying capitalism. At the beginning of the current century, the transformation of certain leading powers into rentier states living from the exploitation of dependent countries and colonies was the main argument in favor of the parasitism thesis. From this it follows that "the rentier state is a state of parasitic, decaying capitalism."16 Great Britain was the most typical example of this. Commenting on the results of Britain's foreign economic activity, V. I. Lenin emphasized that "the income of the rentiers is five times greater than the income obtained from the foreign trade of the biggest "trading" country in the world. This is the essence of imperialism and imperialist parasitism."1

In this connection it will be curious to try to reproduce the comparison of Britain's income from foreign trade and from foreign investments according to R. Giffen's methods that were cited by J. Hobson and used in the work "Imperialism as the Highest Stage of Capitalism." Britain's income from foreign trade turnover for 1899 in the amount of 800 million pounds sterling was determined as 18 million based on a profit norm of 2.5 percent compared with 90-100 million pounds sterling net income from capital invested abroad. If we consider that 2.5 percent approximately corresponded to the erstwhile interest rates, given the current rate on the order of 10 percent, Great Britain's income from foreign trade, which totaled \$210 billion in 1985, could be reckoned as about \$20 billion.

Actual net receipts from interest and dividends from British capital invested abroad in the given year, however, totaled \$3.6 billion, i. e., the profits from trade were five-plus times less rather than five times more as at the dawn of imperialism. (While, to be sure, it has been a long time since such methods were used to calculate profits from foreign trade, for the "purity of the experiment" it is necessary to make comparisons based on uniform initial assumptions).

At the same time, it must be noted that the absolute scale of profit from capital export has grown many fold since then and that as before it could be said that "the world has become divided into a handful of usurer states and a vast majority of debtor states," with regard to the interrelations between the center and periphery of the capitalist world. However, we cannot fail to see substantial differences here as well.

Even if we consider the purely usurious nature of the international movement of capital, profits from the developing countries can no longer be the basis of economic prosperity. The foreign economic relations of the developed capitalist powers are predominantly confined to this group of nations, whereas the entire Third World accounts for the lesser part of their foreign trade, foreign investments, and hence, the income on these investments. The very structure of international capital flows is also changing. Loan capital and investment portfolios are increasingly giving way to investments that are predominantly production-oriented. Unlike the colonial era production capital (for the most part, capital for industry), rather than usurious or parasitic capital, is becoming the principal instrument of foreign economic expansion.

This is how matters stand with regard to the parasitism of modern capitalism. Aside from the extravagant life style of the moneyed elite that exceeds the limits of rational needs, it is hardly parasitism that is out of the ordinary. It is rather the kind that is generally characteristic of capitalism or any other exploitative system vis-a-vis the exploited classes. Even the gap between the living standard of those at the top and the broad strata of society in the leading Western countries is today clearly not as great as at the dawn of imperialism, as it was between feudal lords and serfs or between slaveowners and slaves.

As regards the decay of capitalism, this element of its characterization must specifically today be approached

with special caution. This applies both to general economic development and to technical progress. However, of course, as long as monopoly exists, "like all monopoly it engenders a tendency toward stagnation and decay" since "the motive cause of technical and, consequently, of all other progress disappears to a certain extent." However, in the light of today's realities, even with the increased role of monopolies it is somewhat absurd to talk in earnest about the retardation of technical and economic progress in the leading capitalist countries and especially about their lag in these areas. The facts indicate that specifically the reverse is true.

It is appropriate to note in this regard that too high a price now has to be paid for the reassuring belief in the inevitability of capitalism's decay, for the anticipation of its demise from destructive crises and from its inability to compete with the opposing social system. Ravishing criticism of the spontaneity and anarchy of market relations is replaced by the objective need to make up for lost time learning by trial and error how to make effective use of such a universal economic mechanism as the market.

It remains to be added that we are deliberately not addressing the first two features of imperialism in order to focus our attention exclusively on the world economic aspects of the problem. Of course, international activity holds substantial significance for the concentration of production and the evolution of monopolies, for banks and finance capital, and serious changes are also seen in all these areas. However for the logic of the present article, it is much more important that, even if we assume the total invariability of these two features or abstract from these altogether, modification of the other features of imperialism alone is entirely sufficient to conclude the inadequacy of this term under modern conditions.

The Third World in the Economy of Modern Capitalism

The stability of the term "imperialism" is in large measure fed by deep-rooted views of the supposedly extraordinarily great role played by backward countries in the economy of capitalist centers whose prosperity derives substantially if not principally from the exploitation of the dependent periphery of the world capitalist economy. However if such assumptions could still be justified at the beginning of the century by the need to identify characteristic features of imperialism which had gained momentum, they are now clearly in contradiction with reality.

The developing countries indisputably occupy quite an important place in capitalism's world economic system. They are the suppliers of a number of raw-material commodities, a market for manufactured goods, and a sphere of investment for the developed countries. But this place is by no means paramount and, most important, the role of the Third World in all these areas is almost steadily declining.

This is indicated above all by the long-term trend toward a decline in the share of the developing countries in international trade that has typified the postwar period. It is sufficient to say that their share in world capitalist exports between 1950 and 1987 declined from 33.9 to 22.6 percent and that their share in imports declined from 29.5 to 20.8 percent. The Third World's role in the foreign trade of the leading capitalist countries has diminished on roughly the same scale. In the mid-'80s the developing countries accounted for only 20.3 percent of the exports and 22.5 percent (excluding fuel—only 15.4 percent) of the imports of the developed capitalist countries.

The declining importance of the developing countries as foreign trade partners of the centers of capitalism is connected first and foremost with the relative reduction of the economic role of raw materials in connection with the declining materials-output ratio in industrial production and the introduction of resource-conserving technology as a function of scientific-technical progress. Sophisticated non-material-intensive branches are developing on the basis of the internationalization of production and capital in the leading countries, which primarily encourages recoprocal trade between them rather than with the developing countries. If the considerable increase in the degree of self-sufficiency of centers of capitalism with respect to raw materials and agriculture is also taken into account, the objective conditionality of the declining role of the agrarian-raw materials periphery in the world economy, which cannot yet be offset by a certain expansion of exports of manufactured goods from the "new industrial countries," becomes clear.

Similar processes are also in progress in the international movement of capital. Here the traditional views of the developing countries as the principal direction of foreign economic expansion of imperialism and as the principal source of foreign profits also look like tribute to the past. Thus, balance of payments statistics indicate that on the average between 1980 and 1987, the developing countries paid in the form of net interest on foreign loans and profits to foreign investors \$43 billion a year, which equaled only 15 percent of the developed capitalist countries' receipss.

At the same time, it should be considered that the current operating balance of the developing countries showed that they transferred \$43 billion abroad annually while the net influx of long-term capital to these countries in the form of state and private loans and direct investments was \$54 billion. Thus, even though this led to an increase in the Third World's foreign indebtedness with all the attendant negative consequences, it did not any way accord with the popular opinion that the developing countries are the sources for financing the economic growth of the centers of capitalism.

Reality is equally contradicted by another propaganda stereotype according to which all imperialism does is "pump" raw materials and other material resources out of the Third World and give nothing in return. If we take 1986—the last year for which all comparable macroeconomic indicators are available—as an example, we will find that the developing countries exported \$269 billion worth of goods to the developed capitalist countries and imported \$274 billion worth from them.

The following curious calculation can be cited to debunk the myth that imperialism exists almost entirely by exploiting backward countries. If we assume purely hypothetically that all imports from the developing countries are directly "pumped out." i. e., are free of charge (even though this is not the case in fact), the \$269 billion would be only 2.5 percent of the GNP of the developed capitalist countries. This insignificant amount is not the most important consideration here. For the given conditional example, it is much more important that the 2.5 percent was less than the actual growth of the GNP of the developed countries in 1986 which was 2.7 percent (\$283 billion)20. Consequently merely by increasing their own production (primarily by increasing their labor productivity), the developed capitalist countries obtain more than they import from the developing countries even if these imports were altogether free.

The problem of evaluating the real place of the Third World in the modern capitalist economy is essentially one of the difficult questions which in M. S. Gorbachev's words we must ask ourselves from the positions of the new thinking. Among them, the question "can the capitalist system get along without neocolonialism which is one of the sources of its present life support system? In other words, can this system function without nonequivalent exchange with the Third World which is fraught with unpredictable consequences?"²¹

If the situation is evaluated objectively, only an affirmative answer to both parts of the question is possible. Yes it can, if only because as shown above, relations with the developing countries occupy a very modest place in the economic structure of centers of capitalism, among the sources of their prosperity.

Of course, under the conditions of the growing economic interdependence, no country can allow itself to reject the use of the advantages of participating in the international division of labor. But if we assume the total disruption of economic interaction between the center and the periphery of the world capitalist economy (which is highly enlikely), even in this hypothetical instance, the viability of the developed countries would hardly be fundamentally undermined. The developing countries on the other hand would unquestionably suffer a much greater loss upon being deprived of their major sources of many industrial and food coramodities, capital, progressive equipment and technology, management knowhow, etc.

But as regards the second part of the question, an affirmative answer is still more obvious for the simple reason that nonequivalent exchange in international

trade under normal commercial conditions strictly speaking does not exist at all (instances of direct fraud excluded). Without going into the long history of unsuccessful attempts to scientifically prove the existence of the given phenomenon, we shall merely recall several arguments, each of which is entirely sufficient to refute the conception of nonequivalent exchange.

For the orthodox, the most convincing argument will obviously be the reference to the fact that nowhere in the classics of Marxism-Leninism is there even mention of nonequivalent exchange between the center and periphery of the capitalist world economy. We suggest that those who prefer to base themselves on the facis that they prove the existerice of different world prices on the same goods depending on whether they are sold to developed or developing countries. No one to date has succeeded in proving this because according to the laws of the market, the identity of the buyer is a matter of total indifference to the seller as long as the buyer has the money which, as is known, does not smell. By the same token, there are no special restrictions whatsoever on the sale of goods to the developing countries that would compel them to overpay for "scarce" goods (expressing this in concepts more familiar to us).

Finally, the main argument of advocates of nonequivalent exchange—the notorious "price scissors" calculated on the basis of the dynamics of "terms of trade," i. e., the correlation between the indexes of export and import prices of individual countries—does not stand up to serious criticism. Let us begin if only with the fact that the argument for this thesis is based on periods in which the "terms of trade" were adverse to the developing countries while opposite periods are deliberately forgotten.

On the basis of a quite representative example of the last 3 decades, let us demonstrate the vulnerability of the commonly employed method of arbitrarily choosing the period for analyzing the dynamism of prices. Thus if 1980 is taken as the base year, the indexes of the "terms of trade" of the developed capitalist countries for 1960-1970 rose from 117 to 122 (by 4 percent), while the indexes of the developing countries declined from 45 to 38 (by 16 percent). For the following decade, on the other hand, the indicators of the first group of countries acclined from 122 to 100 (a drop of 18 percent), while the indicators of the second group improved from 38 to 100 (an increase of 263 percent). In 1980-1988 the reverse picture was again seen: the "terms of trade" of the developed countries rose from 100 to 113 (by 13 percent), while the "terms of trade" of the developing countries declined from 100 to 71 (by 29 percent). For almost the entire 30-year period from 1960, however, the indicators of the developed countries deteriorated by 3 percent while those of the developing countries improved by 58 percent.

What do these data indicate? Not only the danger of arbitrarily "pulling" from a long-term number of figures only those that are most convenient for producing the desired result and of using this as a basis for calculating astronomical hypothetical losses of the developing countries. After all, according to this simplistic logic even the developed countries themselves could present the developing countries with an even stiffer bill for their losses from supposedly nonequivalent exchange in the "70s. Now, try to use the "extortionate price scissors" to determine who is robbing whom and when and if anyone is being robbed at all.

The most important point is that neither the "terms of trade" nor the "price scissors" calculated on their basis are in any way an evidence of the existence or absence of nonequivalent exchange. These indicators only reflect the dynamics of the correlation of foreign trade prices of any country or group of countries, i. e., ultimately the dynamics of world prices that are the same for all countries. The latter, however, according to Marxist (or any other) political economy reflect the international value of a good and the socially necessary, average world cost of its production, the magnitude of which is determined by the market, only by the market, and not by someone's malicious intent.

Of course, monopolies can cause world prices to deviate from international value for a certain time and to extract profit from their monopolistic position in the market, particularly when they are opposed by partners who are economically weaker. However even monopolistic price formation is ultimately unable to repeal the universal laws of the market that are the basis for exchanging specifically equivalents even though they may contain a different quantity of labor depending on its greater or lesser productivity compared with the average level. But here the market system invariably favors the more effective producer. There is an overabundance of examples showing that any economy (not only a market economy) that is oriented toward the least effective producer will inevitably fail.

Rejection of the nonequivalent exchange concept is by no means tantamount to denying the real difficulties of the developing countries in the world economic sphere. Regardless of the equivalence of exchange cheap labor power and extremely rich resources in the Third World remain the object of exploitation by transnational corporations and indeed the proportions of world prices themselves are frequently adverse to many developing countries, especially those that export raw materials. The backward structure of the developing countries' economy and exports unquestionably has a negative impact on their status in the system of world economic relations. But ultimately this is primarily a reflection of the enormous gap in the levels of social labor productivity for which they have to pay. The developing countries exchange a greater quantity of embodied labor for a lesser quantity primarily because, as K. Marx indicated, "the labor of a less developed country is evaluated as the labor of a higher share." 32

That the general economic underdevelopment of these countries and the fact that they are forced to be oriented

toward the export of the least dynamic goods are a direct result of prelonged imperialist oppression are another matter. Economic inequality leads to the unequal, subordinate status of the Third World in the system of the international capitalist division of labor, which in turn promotes the perpetuation and reproduction of backwardness. While this naturally cannot be forgotten, the indisputable fact of economic inequality still cannot serve as evidence of nonequivalent exchange.

We note in this connection that the time has obviously come to openly admit such sources of viability of the nonequivalent exchange conception as attempts to play upon populist sertiments in a number of developing countries. Their attempt to find the roots of imperialism's historical responsibility for the Third World's economic difficulties is entirely understandable and justified. However even with good intentions we can hardly close our eyes to the scientific insolvency of such an approach that does not help to reveal the real reasons for the foreign economic difficulties of backward countries by em. sally placing the blame for the supposedly deliberate injustice of international exchange in general Abstracting from the concentration of own efforts on the search for the most promising directions of participation. in the world economy system, such an approach generates illusory hopes for the possibility of resolving all problems by overcoming objective regularities of price formation in international trade

There is hardly any need to further argue the harmfulness of the concept of nonequivalent exchange about which the author wrote in detail at the high point of the period of stagnation. 23 We can only delight in the fact that all researchers that are approaching this problem from scientific rather than propagandistic positions have finally come to a similar conclusion. As shown by the results of a recent discussion, "the opinion that the dominant formulation of this problem in our literature in recent decades is incorrect, can be considered unanimous." 24

How Can the Modern Stage of Cap/talism be Defined?

When we discuss the question of the applicability of the very word imperialism to define capitalism in our day, we should obviously first of all clearly differentiate between the original and modern objectives of using this term. From this point of view, we must properly consider the uniqueness of the specific historical conditions under which the given concept formed and that were reflected in Lenin's theory of imperialism.

At the beginning of the 20th century, when bitter ideological struggle developed around the definition of imperialism, imperialist policy and the rivalry for the exploitation of colonial empires were at the center of international relations and all world economic life. Local imperialist wars threatened to turn into a global struggle over the imperialist redivision of the world, which was ultimately what happened. It was specifically under these conditions that the task of making a theoretical interpretation of the latest trends in world development, of determining their place in the history of capitalism, and establishing their connection with the world war have acquired special political timeliness.

This task was brilliantly performed by V. I. Lenin who revealed the imperialist character of the war and substantiated the understanding of imperialism both as a special stage of capitalism and as the eve of socialist revolution. His fundamental premises naturally have permanent significance for understanding not only erstwhile, but also subsequent events of the entire present era. It is appropriate to emphasize that Lenin's fundamental work also imperialism was specifically created during World War i and was largely connected with it directly on the threshold of the October Revolution.

It thus appears obvious that the task of exposing the imperialist character of the war and of substantiating the inevitability and proximity of the coming revolution very naturally defined the goals and tasks of the work and the latter in turn defined its accents and formulas that should be perceived specifically in the given context. Now, however, in the light of cumulative historical experience, the degree to which these accents have been evoked by the specific needs of the political struggle of that period and consequently the degree to which they can automatically be applied to modern reality becomes especially understandable.

Taking note of the almost 100th anniversary of the term "imperialism" which is alive and well today, we venture to suggest that its protracted longevity is largely due to the one-sided, dogmatic understanding of the basic thesis on imperialism as the highest stage of capitalism. But, after all, "highest" does not necessarily mean "last," which excludes further development. Depending on the context, "highest" may mean not final but merely a higher stage compared with the preceding stage. This is strictly speaking the orientation of Lenin's statement that "capitalism only became capitalist imperialism at a definite and very high stage of its development."25 It was not by chance, therefore, that V. I. Lenin defined imperialism not only as the highest, but also as a special stage of capitalism, which admits the possibility of some subsequent stage of development because even then it was clear that "on the whole, capitalism is growing at an immeasurably faster rate than before."31

Such an interpretation does not by any means contradict the existence in imperialism of features of the "epoch of transition from capitalism to a higher social and economic system." To be sure, contrary to expectations, this epoch dragged on too long. Nevertheless, even under present conditions it is possible to establish a tendency at least toward the further socialization of production, toward the socialization of many aspects in the life of capitalist society. It is another matter that certain unforeseen directions and forms of movement toward a higher system have been detected and that the view of

the future also change over time since historical development never fits preplanned scenarios entirely

It should be noted that the growing inadequacy of the very term "imperialism" to denote the range of phenomena to which it relates is still not so very bad on a purely semantic plane. The history of language development knows many examples where a word is retained but its meaning changes or a number of new meanings originate in addition to the old meaning. But it also happens that even a new meaning will grow old while continuing by mertia to function as something that still seems to be new

It is specifically such metamorphoses that are taking place with imperialism. Imperialist countries are habitually understood to mean such large capitalist countries as the USA, Japan, Great Britain, the Federal Republic of Germany, and France. This group is united by the stamp "leading imperialist powers," which tacitly assumes the existence of "nonleading" imperialist powers. This is the result especially when for the purpose of comparing the developing countries with the developed capitalist countries there is discussion of the Third World on the one hand and of imperialist powers on the other.

Thus it has become customary to automatically include all developed capitalist countries in the group of imperialist powers. But what of Spain or Finland, for example, in such a case? After all, it is clearly still too early to classify Spain among the imperialist powers in terms of the general level of economic development and by no stretch of the imagination can tiny Finland be called imperialist even though we note that it has surpussed many leading countries in per capita income and in the structure of its exports. 28

One more question that appears to be of a semantic, but that is in fact of a very fundamental nature may arise somewhat unexpectedly in connection with the problem of defining the essence of the present stage of capitalist development. After all, if we abandon the term "imperialism," what is to become of the other stereotype: the "anti-imperialist struggle". People who cannot forgo simplistically comprehended principles are prepared in such a case to ask sternly: if there is no imperialism, does this mean there is no anti-imperialist struggle in the developing countries. This cannot be because this can never be. Moreover, the anti-imperialist struggle has been written about here and there.

It is difficult and even risky to argue with such logic because there are still those who like to use labels instead of arguments. However, it is not only the pluralism of opinions but also primarily the realistic vision of reality from the standpoint of the new political thinking that permit us to think, first, about the degree to which this struggle reflects the real interests of Third World peoples and the degree to which it reflects the interests of the national hourgeoisic of the developing countries which is fighting more powerful alien newcomers for the right to

exploit the peoples of a given country. Second, given the growing interdependence of countries in today's world, whether all contradictory processes in economic rivalry should be reduced entirely to the anti-imperialist struggle? Finally, and this is probably the main thing, is the anti-imperialist struggle in the developing countries the struggle against the very basis of imperialism, i. e., against capitalist relations.

Of course, imperialist tendencies in the foreign policy of the developed capitalist powers are still quite obvious, which also evokes entirely justified resistance to recuirences of imperial policy. But the degree to which these processes correspond to previous views of the anti-imperialist struggle and how to define its content in the present stage are by no means as clear. Even if we leave all such questions open, we nevertheless agree that in any case the confrontational phraseology of the "anti-imperialist struggle" does not fit within the framework of the new political thinking and impedes the strengthening of trust in international cooperation. Here it is obviously necessary to find new approaches in harmony with the spirit of the time both to the understanding of the processes in play and to their definition in more realistic terms.

When we compare the evolution of the basic economic parameters of imperialism with their commonly accepted interpretation, we involuntarily ask why has reality been reflected to such a small degree in theoretical thought, why were the brilliant discoveries of creative Marxism at the beginning of the century subsequently transformed into a moss-covered stereotype? The answer should be sought in the presently recognized reasons that were responsible for prolonged stagnation in all humanistic sciences, that stimulated a dogmatic approach to the analysis of social phenomena, that transformed the very rich theoretical legacy of the classics of Marxism-Leninism into a collection of stable quotations that until recently were arbitrarily used by the current "true Leninist" to justify his volitional decisions.

In this regard, it is appropriate to recall the preface to the work "Impenalism as the Highest Stage of Capitalism," which was written after the February Revolution, in which the author notes "it is painful, in these days of liberty, to re-read the passages of the pamphlet which have been distorted, cramped, compressed in an iron vise on account of the censor "20 While not drawing a direct analogy with the time when even under the conditions of ferocious trarial censorship, it was possible to say so much that was new, we only note that now, in the days of liberty from the iron vise of the leading ideologues of the Zhdanov-Suslov type, it is all the more time to make the transition to independent thinking, to an unprejudiced view of things. This also relates in full measure to the interpretation of the character of the modern stage of capitalism and all world development in general. It is specifically in this area that the potential for the creative application of Leninist methodology of analysis of imperialism to the objective scientific investigation of the realities of our day is particularly great.

It is therefore not by chance that the need for the integrated interpretation of the particularities of modern capitalism is attracting the growing attention of the scientific community. Moreover, the terminological aspect is if not the main, then a very important part of this general theoretical problem. The urgency of this aspect has probably been expressed most precisely by V. Sheynis who believes that "imperialism," in the meaning that it was understood to have in Marxist literature at the beginning of the century (and as it is still interpreted in the works of imitators) is by no means a definitive description of capitalism at the end of the 20th century.30 This formulation is very close to modern realities even though in our view it could also be intensified since the imperialist component is now not only not definitive, but in general hardly relates at all to the substantive characteristics of capitalism.

In the light of the obvious inadequacy of the term "imperialism" to describe modern capitalist reality, the ritualistic dedication to this word, which has for a long time not reflected the essence of the phenomenon and has been detrimental to the understanding of the trends and perspectives of world development, looks downright paradoxical. If social thought has come to the necessity for a new approach to the understanding of the socialism's values and goals, it would appear that a fresh, unprejudiced view of the nature of modern capitalism does not threaten to undermine ideological principles. Not by any means. The term "imperialism" is proving to be hardly any less tenacious than imperialism itself, if it can be called such. This cliche is bad not only because it is obsolete, but primarily because it shifts accents in the characterization of the present stage of capitalism in the direction of emphasizing the confrontational aspects of international relations instead of stressing the regularities of increasing interdependence in the modern world.

And so, does it follow from all that has been said that the classical descriptions of imperialism are obsolete? Perhaps the question can be posed differently: it is not they that are obsolete, but imperialism itself, in any case those of its moribund features that corresponded to these criteria. New features corresponding to the realities of the modern era and tendencies in its development are being born, imperialism is also changing, the entire world is changing.

What is more, the world in its basic parameters—political, social, economic, technical, ecological—has fundamentally changed in comparison with the beginning of the century. The perception of the modern world and its future, of the paths and fate of human civilization is also evolving. The need arises for some new scale of coordinates and new units for measuring global processes.

But what to call the complex and contradictory aggregate of features of modern capitalism is another question that merits independent, more comprehensive analysis. Should the internationalization of production on the basis of the transnationalization of capital, or the adaptation of state-monopoly capitalist to the growing economic interdependence of the modern world, or the further evolution of socioeconomic structures in accordance with the changing conditions of social life under the influence of scientific-technical progress, of the ever expanding potential of production and consumption, or some other factors be considered the most important?

An unequivocal answer is not as yet in view (at least to the author of the present article), all the moreso because the directions examined in the evolution of imperialism by no means exhaust all aspects of this problem. However, even though we have deliberately confined ourselves primarily to the world economic aspects of modern capitalism and have acknowledged that the character of their interpretation is open to discussion, we can assume that at least one aspect of the problem is nevertheless quite clear—that in any event this is no longer imperialism in either the literal or figurative sense of the word. This has long ago ceased to be a semantic, terminological problem, and has become a conceptual problem. It is this problem that must be addressed.

Footnotes

- 1. V. I. Lenin, "Polnoye sobraniye sochineniy" [Complete Collected Works], Vol 27, p 379.
- 2. Ibid., p 309.
- 3. Ibid.
- 4. Ibid., pp 379-380, 381.
- 5. Ibid., Vol 28, p 587.
- 6. Ibid., Vol 27, p 286.
- 7. Here and beyond, unless otherwise stated, data on foreign trade and the international movement of capital are taken from "Handbook of International Trade and Development Statistics, 1988," U. N., New York, 1989.
- Here and beyond, unless otherwise stated, data on investments are taken from "Transnational Corporations in World Development. Trends and Prospects," U. N., New York, 1988.
- 9. See "The Growth of International Business." Ed. by M. Casson, London, 1983, p 88.
- 10. See K. Tyugendkhet, "Mezhdunarodnyye monopolii" [International Monopolies], Moscow, 1974, p 25.
- 11. V. I. Lenin, Op. cit., Vol 27, p 386.
- 12. "Transnational Corporations in World Development...," p 22.
- 13. V. I. Lenin, Op. cit., Vol 34, p 370.
- 14. R. E. Caves, "Multinational Enterprise and Economic Analysis," Cambridge, 1982, p 103.
- 15. V. I. Lenin, Op. cit., Vol 27, pp 386-387.

- 16. Ibid., p 399.
- 17. Ibid., p 398.
- 18. Ibid.
- 19. Ibid., p 397.
- 20. See "Handbook of International Trade and Development Statistics, 1988," pp A2, 422, 428.
- M. S. Gorbachev, "Izbrannyye rechi i stati" [Selected Speeches and Articles], Vol 5, Moscow, 1988, pp 424-425
- 22. K. Marks and F. Engels, "Sochineniya' [Works], Vol. 25, Part I, p 260.
- 23. See. P. I. Khvoynik, "Mirovaya torgovlya i ekonomicheskiy progress razvivayushchikhsya stran" [World Trade and the Economic Progress of Developing CountriesJ], Moscow, 1974, Chapter 6.
- 24. NARODY AZII I AFRIKI, No 6, 1988, p 87.
- 25. V. I. Lenin, Op. cit., Vol 27, p 385.
- 26. Ibid., p 422.
- 27. Ibid., p 385.
- 28. In 1988 Finland's direct foreign investments exceeded the volume of foreign investment in the Finnish economy 8-fold, while for the USA (1985) this excess was only 1.4-fold (See "Indicators of the Finnish Economy, 1989," Helsinki)p 24; "Transnational Corporations in World Development...," pp 24, 25.
- 29. V. I. Lenin, Op. cit., Vol 27, p 301.
- 30. NARODY AZII I AFRIKI, No 5, 1988, p 126.

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Comparison of Principal US/USSR Economic Indicators

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[Article by Sergey Mikhaylovich Nikitin, doctor of economic sciences; department head, USSR Academy of Sciences IMEMO; and Mikhail Ivanovich Gelvanovskiy, candidate of economic sciences; sector chief, USSR Academy of Sciences IMEMO: "Just Where Are We? The Soviet Economy in International Comparisons"]

[Text] Two age-old Russian questions—who is to blame and what is to be done?—are heard again today. But the present period is unique in that a third question—where are we?—is more and more persistently a 'ded to them. After all, unless this question is correctly answered it will be difficult if at all possible to understand certain fundamental features of our economy that are both serious obstacles on the road to its reform and the most profound reasons behind negative economic processes in the recent period.

In the context of the question 'where are we?, 'the Soviet economy is seen most clearly in the light of comparisons with the leading capitalist countries, especially the USA. Since this theme is already beginning to find reflection in Soviet economic literature, we shall attempt to focus attention on the problems that in our view have not yet received sufficient attention.

USSR-USA: Official And Alternate Comparisons Of National Product And Income

A certain reserve of so-called alternate assessments, that are frequently discrepant with analogous official Soviet economic indicators, has already been accumulated abroad—especially in the USA—and in part in Soviet economic literature. The discrepancies are occasionally so significant that, depending on the indicators that are taken as the basis for analysis, a completely different understanding is formed both of the present state and the past history of the nation's economy. Questions therefore naturally arise as to the correctness of individual assessments and the reasons behind discrepancies between them.

Let us examine USSR-US comparisons for the two most general indicators: national income (NI) and gross national product (GNP). According to USSR Goskomstat [State Committee for Statistics] data, in 1987 our country's NI was 64 percent of the level of the analogous indicator for the USA'; according to American calculations, the USSR's GNP in the same year was only 50.9 percent of the USA's GNP² At first glance, the two cited comparisons are appreciably different from one another (as a result of which they are sometimes in direct opposition to one another in individual Soviet publications). However, paradoxical as it may be, in reality the calculations are very close to one another or at any rate there is no fundamental contradiction between them.

For clarification, it is necessary to look at the statistical methodology upon which both calculations are based.

The first difference is that these calculations relate to different indicators. The GNP, which in international practice is viewed as the final product of a nation's economy, incorporates in value terms all consumer goods and services, capital investments (all types of construction and equipment purchased by a nation's enterprises and institutions); also added to this indicator is the value of change in national economic indicators and the foreign trade balance. NI calculated by USSR Goskomstat relates only to material production; it is less than the GNP by the volume of services and amortization. However, analysis shows that the differences noted between the two indicators, even though they are very significant in absolute terms, are nevertheless not the

reason for the discrepancy in the relative figures indicated above. To be sure, the volume of both amortization and services expressed in value terms in rubles is on the whole a more modest share in the Soviet economy than the share of analogous quantities in dollars in the U.S. economy. However, when converted into comparable currency, in the given instance-dollars-the Soviet service sphere appreciably increases its share. The primary explanation for the unique statistical paradox is that such branches of the Soviet service sphere as education and medicine, when converted to American prices (which in practice means that the large army of low-paid Soviet education and health workers is ascribed the high pay of similar workers in the USA), sharply increase the volume of the entire service sphere in the USSR in value terms (and the corresponding share); as a result, the volume of services (in dollar terms) draws appreciably closer to the level of the corresponding sphere in the USA (at the same time, even exceeding the NI of these two countries, determined only for material production).

Therefore the basic reason for the described discrepancy in the figures 64 and 51 percent is not the difference in the NI and GNP indicators, but is the difference in the statistical methods that are used as the basis for compiling these figures. Let us discuss this question in greater detail.

There are three possible methods for making such comparative calculations. The first is the direct construction of so-called territorial indexes of physical volume. The correlations of production of basic goods and services must first of all be calculated in the two compared countries according to this method; the average correlation must then be calculated on their basis with the aid of an average arithmetically weighted formula: shares may be determined on the basis of the value structure of the commodity mass for any of the two compared countries (i. e., in our case either for the U.S. structure in dollars or for the Soviet structure in rubles).

The second method is the conversion of volume in value terms (NI or GNP) for previously calculated territorial price indexes. In this case, too, there is the choice of two variants of price correlations (in our case, either based on the price structure in dollars as in the USA or on the basis of the price structure in rubles in the USSR).

The third method is based on the parallel or combined use of the first two methods, by selecting for various sectors of the economy those that are must convenient for calculation.

The feature that all three methods have in common is that they produce two different results depending on the choice of country whose commodity or price structure is made the basis of comparative calculations. The difference between the two results in Soviet-American comparisons is very serious: by approximately 20 points in favor of comparisons in U.S. dollars. Thus, according to

American comparison, in 1976 the Soviet Union's GNP was 73.7 percent of the analogous indicator in dollars or 49.5 percent in rubles.³

The very existence of the two different results is the usual result of such international comparisons.4 The latter is explained by the substantial difference in price structure (or commodity structure) between the USSR and the USA in view of fundamental differences in price formation patterns and structural change in the two countries (based on laws of the administrative-command system in one and of the developed market economy in the other). The most important distinction specifically consists in the fact that capital goods comprise a much larger share in the Soviet economy compared with the American economy, but they are relatively cheaper when expressed in rubles than in dollars; the opposite correlations is more characteristic of consumer goods. The existence of two different results in the described comparisons has generated attempts to arrive at some one acceptable result.

One of the directions of such attempts is to use world prices in such calculations; however it has been necessary to abandon this path because foreign trade turnover does not embrace many goods and services produced in various countries. The second direction is the use of foreign currency exchange rates. But here, too, it had to be recognized that this path also leads to economically senseless results since exchange rates usually do not reflect price correlations in the compared countries.⁵

Therefore the most common practice in foreign statistics is to use the geometric mean of the two results as the single result.

In the light of this, let us turn once again to the above-cited results of Soviet-American comparisons: 64 percent for NI and 51 percent for GNP in 1987. With respect to the data of USSR Goskomstat (64 percent), it is only known that the calculation is essentially based only on comparisons in dollars.

There is a much greater wealth of information as regards American calculations. These calculations have long been made under the aegis of the U.S. Central Intelligence Agency; they are based on the calculation of GNP with the aid of the predetermined purchasing power of currencies (the dollar and the ruble in the given instance) for the largest possible range of goods and services. Because the calculations are so labor-intensive, the CIA organizes them once every 15-20 years. The last base calculation was made for 1976. The preceding calculation was made for 1955. The calculation for 1976 is the result of the work of a group of analysts in the CIA economic research administration that took several years (the result was not published until 1979). The Soviet and American GNP's were compared for principal categories of the final product: consumption, accumulation, defense spending, government spending.

Each of these categories was in turn broken down into several subgroups. Consumption, for example, included:

food, durable goods, nondurable goods, expenditures on education, health, and miscellaneous personal services. Ruble/dollar ratios in consumption were based on price comparisons for 250 goods and services. The American compilers' task was facilitated by the purchase of 29 food and 150 other consumer goods in the USSR that enabled the producers of similar goods in the USA to make quality comparisons.

The correlation of the pay of various categories of physicians and auxiliary personnel, teachers in higher and secondary educational institutions, and the correlation of current material costs were taken into account in the calculation of the parity of the ruble and dollar for education and health. Comparisons of accumulation were based on price correlations for 245 types of products encompassing 21 categories of machinery and equipment and the estimated cost of construction projects in 8 categories.

At the same time, the authors of the comparisons emphasized that they had not fully succeeded in reflecting differences in the quality and product mix: the accessibility and diversity of services, technical characteristics of machinery and equipment in the USSK and USA.

The CIA made two assessments of relative Soviet-American GNP's—one in dollars, the other in rubles—as the basic result of its work; their geometric mean is periodically published. The above-cited figure of 51 percent is such a geometric mean for 1987; taking into account the approximately 20-point difference between dollar and ruble assessments, according to the CIA's calculations, the correlation of Soviet-American GNP's in 1987 must be approximately 62 percent in dollars, i. e., will practically coincide with USSR Goskomstat's assessment for NI (64 percent).

To be sure, it is impossible not to notice appreciable differences in the dynamics of the correlations. The CIA presented the highest result (57-60 percent according to the geometric mean) for the mid-'70s; it noted the subsequent gradual lowering of this correlation (in 1980—53 percent and in 1987—51 percent)⁶, which essentially attests to lower growth rates of the Soviet GNP compared with the analogous U. S. indicator). As regards USSR Goskomstat assessments, in 1975-1984 they were 67 percent, in 1985 and 1986—66 percent, and in 1987 they declined to 64 percent.

The question arises as to the substantiation of the correlations (approximately 50-60 percent) submitted by both the CIA and Goskomstat for the GNP and NI of the two countries. It must be emphasized that the above-described CIA calculations have been subjected to quite intensive criticism within the country in recent years. Anders Aslund's report "What is the Size of the Soviet National Income?," which was prepared in 1988 on the basis of the conceptualization of all preceding materials and which was subjected to detailed discussion, inter alia by the highest legislative bodies in the USA, has evoked a special response to date. Aslund's report criticizes the

ClA's figures for being too high in favor of the USSR and offers its own variant of the current correlation of the Soviet-American GNP in the interval of 21-34 percent (average: 29.5 percent).

First of all, a word must be said about the fundamental distinction between the figures proposed by Aslund and the CIA data he criticizes. While the latter, as we have seen, are the result of quite complex and painstaking statistical calculations, the former are extremely conditional, in a certain sense, purely intuitive assessments based on two groups of arguments.

First, Aslund points out that the CIA overestimated the quality of Soviet output or did not take the ineffectiveness of expenditures of material resources into account in this country (when the indicated expenditures are the basis for comparison of the final product produced on their basis). He refers to materials in the American and Soviet press and to his own impressions of a visit to Moscow. But even though these materials look quite convincing, they are to a considerable degree concentrated in the consumption sphere, they are partly emotional, and on the whole do not provide grounds for such precise quantitative reevaluations of CIA data that the author makes (even though they may of course attest to their imprecision to a certain degree).

The second group of Aslund's arguments relates to the comparison of certain indicators characterizing the country's economic level.

He chose the share of agriculture in national economic employment, the structure of personal consumption, and the health situation (based on data on infant mortality and life expectancy) as these indicators. For all the selected indicators, the USSR is in the group with far lower per capita GNP than follows from comparisons made by the CIA of Soviet-American GNP's. However while this method of proof might work for other countries, it is inapplicable to the USSR because of the extreme specifics of its socioeconomic development. Thus, the relatively high share of the agricultural population in the USSR (in addition to the backward structure of consumption) reflects the generally known weakness of the corresponding branches; the lag in health indicators is the result of the extremely low priority assigned to the development of this spacer.

Therefore, in our view the CIA's comparative calculations remain to this very day the quantitatively most substantiated assessments of the Soviet and American GNP's (even though they obviously underestimate the higher quality of certain types of American products).

In o fer to obtain a more complete, integrated picture, we must make the transition to comparisons of rates and proportions.

USSR-USA: Official and Alternate Comparisons of Growth Rates

The comparison of Soviet-American growth rates (like comparisons with any other capitalist country) has until now been one of the most neglected sectors of comparative work in the USSR. Such work has essentially boiled down to the comparison of officially calculated growth rates of national income or industrial output with similar rates in the USA and in other capitalist countries. At the same time, the obvious fact that these indicators are entirely incomparable owing to the fundamentally different methods used in their calculation was totally ignored.

Thus, in the USA (and in other leading capitalist countries), the growth rates of gross national income[®] and industrial output are determined on the basis of physical volume dynamics indicators, i. e., indexes that reflect change in the value of the corresponding indicators entirely without regard to price fluctuations. The statistical methodology of calculating the corresponding indicators developed over a number of decades; indicators calculated on the basis of this methodology are characterized by quite a high degree of substantiation and reliability (like the growth rates calculated on their basis).

Growth rates of the gross national product are calculated on the basis of the deflation method which essentially involves dividind the GNP in current prices by a price index specially computed for this purpose. This index is called the price index deflator for GNP; the individual indexes characterize change in retail prices for key components of GNP (i. e., for consumer goods and services, state purchases of goods and services, construction, equipment purchased by all enterprises and institutions in a country, as well as foreign trade flows of goods and services, and change in national economic reserves). Market prices are understood to mean specifically the real prices that specific customers pay for the corresponding products (for example, [the prices that] the population pays for consumer goods and services; that firms producing capital investments pay for investment goods, etc.). Therefore, the given index includes all existing prices, including manufacturers' prices, wholesale and retail trade prices, foreign trade prices, etc. The general price index (deflator), like other aggregated price indexes, is based on a larg, market basket [nabor] of goods and services that are sufficiently representative for the entire aggregate of the final product.

The index of the physical volume of industrial output is constructed in a different way, specifically as an average weighted value from individual indexes reflecting the dynamics of individual industrial production facilities. Foreign statisticians now proceed from the premise that this index must include all production and must not be limited to the market basket of certain representative goods (since such a method, which has proven justified in the construction of price indexes, leads to serious distortions when used in the construction of production

indexes because such a discernible interrelationship is not seen in the dynamics of prices on similar products even in the case of products and production facilities that are similar to one another. Since all industrial production facilities cannot be depicted with the aid of physical output indicators under the current system. indirect indicators, whose changes in the opinion of index compilers relatively precisely reflect the dynamics of various production facilities, are used for a significant or even large part of them. Thus in the modern index of U. S. industrial production, which is calculated monthly, only about 40 percent of the country's industrial output is represented by physical output indicators (this is usually for production and branches with a relatively homogeneous product); about 30 percent is represented by power consumption indicators (with an adjustment for change in electric power indicators per unit of output); approximately 20 percent—by the man-hours worked indicator (with an adjustment for change in hourly labor productivity); very limited use is also made of raw materials consumption indicators.

For military production, the dynamics of which in the opinion of the index's compilers is very difficult to measure either with the aid of physical output or through indirect indicators, the deflator method is used (i. e., the value of military output is divided by its price indexes).

In Soviet statistical literature, it is widely believed that the indirect indicators method is fraught with serious mistakes. However this opinion is now out of date especially as regards long-term calculations. Thus, in the USA there is an independent system of annual indexes calculated with a lag of 1-1.5 years in which product indicators in physical form represent approximately 70 percent of the nation's industrial output with the aim of subsequently refining current calculations of the industrial production index; this is followed by a correction with a lag of several years based on industrial census data on physical production data, in which deflator calculations represent as much as 97 percent of industrial output. According to the compilers of the index, both corrections are extremely insignificant or practically equal to zero for the dynamics of total industrial output; they only lead to certain changes in the subindexes of individual branches and types of production. All this attests to a sufficient degree of accuracy inherent in indirect indicators in calculations of indexes of physical volume.

Consequently, from the standpoint of the measurement of growth rates, be it the GNP or industrial output, the statistics of the USA and other leading statistical countries present quite accurate indicators even though they are also not devoid of shortcomings (the most common criticism addressed to them—the insufficient consideration of changes in quality). Nevertheless the key principle in the construction of indexes of physical volume—the maximum possible elimination of the influence of price fluctuations—is observed quite strictly in their calculation.

It is specifically this that is absent in calculations of analogous indexes in the USSR. It is true that Goskomstat mentions the use of so-called comparable prices in such calculations. But the very name puts us on our guard: why is it specifically comparable prices and not constant prices as is the interest and practice? But of course the important point here is not this strange and indefinite name, but is the real content of the so-called comparable prices.

There is every ground to believe that this name in many cases conceals either conventional current prices or certain arbitrary quantities in general. Otherwise, how is it possible to explain such a paradoxical fact that many value indicators expressed by Goskomstat in so-called comparable prices grow faster than the same indicators in current prices. If the calculations are correct, such a thing is only possible if current prices are lowered; however, since such lowering is not seen, the explanation can only be concealed in the arbitrary establishment of so-called comparable prices.

And how can there be any discussion of the total elimination of the influence of price changes in indexes of the physical volume, if the USSR does not calculate the price indexes that are usually used to convert value magnitudes, e. g., the GNP, NI, and industrial output expressed in current prices into constant prices. Here is an eloquent admission by a former chairman of USSR Goskomstat:

"Such indicators as price indexes on consumer goods and services, cost of living indexes, indexes of the purchasing power of the ruble, and deflators that are widely used in the statistics of a number of countries have not found proper application in our country."10 To be sure, indexes of the physical volume of industrial output in the USSR as based on gross output indicators calculated in value terms in constant prices of some past year (these prices are recorded in special price lists that are to be found at every industrial enterprise); however even in such a case, new industrial output that every year comprises a significant share of overall output and that is as a rule characterized by the highest growth rate is also taken into account through current and moreover higher prices. Consequently, the first majo itaw of the so-called indexes of physical volume calculated by official Soviet statistics (and growth rates calculated on their basis) is that they include if not all, then a significant share of the inflationary growth of prices.

Added to this is the second major flaw—the inclusion of a sizable (even if unknown) share of padding (there is nothing analogous to this flaw in Wester, calculations of physical indexes. Soviet data include padding because these data are at the same time also information on the fulfillment of the plan; therefore all levels of formulation of these data are objectively influenced by extremely powerful stimuli to "embellish" them. 11

Therefore it has long been the just conviction in the West that growth rates published by official Soviet statistics

are extremely inflated. The West has also published numerous alternate calculations indicating a significantly lower growth rate of national economic indicators in the USSR. Until recently, official statistical organs have rebuked scholars making alternate calculations of concealing the methods they use to make their calculations and of "striving for sensationalism." 12 And this. notwithstanding the fact that in recent decades Soviet economists have addressed notes to official statistical organs and higher authorities about the clearly untoward situation in Soviet statistics, including the unjustifiably overstated character of calculated indexes of physical volume and the growth rates of fundamental national economic indicators of the USSR based on them. It is proposed, in particular, to calculate indexes of physical volume according to methodology that is identical with Western methodology in order to finally arrive at a true picture of the dynamic development of the Soviet economy vis-a-vis the economy of the USA and other leading capitalist countries. However such materials have evoked no response whatsoever. In the age of glasnost, there must inevitably be so-called alternate assessments providing a truer picture of development of the USSR than the official version.

In the calculation of dynamics here, there must be special note of the works of G. Khanin who for the first time in Soviet economic literature presented his system of alternate assessments of the growth of Soviet national income for a prolonged period of history (1928-1987). G. Khanin also provided a detailed description of the methodology of his calculations of USSR Goskomstat. The methods employed by Khanin, including the broad use of the electric power consumption indicator, are of an original and substantiated character and in certain aspects accord with leading international experience.

Alternate assessments of the growth rates of NI calculated by G. Khanin were for the most part positively received by Soviet economists and statisticians. The revolutionary character of these assessments and the fact that their advent was for the first time accompanied by the possibility of real scientific analysis of the real dynamics of the Soviet economy were essentially recognized. Instead of the fantastic growth figures of Soviet NI during 1929-1985 of 84-fold (which corresponded to an average annual growth rate of 8.1 percent), the works of G. Khanin submitted realistic data (6.6-fold growth during the same period (3.3 percent annually). 16 G. Khanin's calculations debunked the myth of the rapid growth of the Soviet economy during the Stalin era; they justly fixed the decades from the mid-'50s to the mid-60s as the most favorable growth period during all the years of Soviet power.

There has practically been no real criticism of G. Khanin's calculations to date, i. e., criticism referring to any facts, (not counting groundless declarations to defend the uniform of USSR Goskomstat). Probably the only exception is criticism by Soviet statistician V. Adamov who also tried to refute the substance of G.

Khanin's calculations. We shall cite V. Adamov's arguments word for word because their analysis will also enable us to clarify certain fundamental questions relating to comparisons. "If we accept the increase in the volume of national income produced between 1928 and 1985 as 6-7-fold, then the correlation of the USA and the USSR with respect to this indicator would have remained at the 1928 level in 1985 (8-12 percent). In other words, national income comprising one-tenth of U. S. national income makes it possible to maintain parity of the defense potential of the USSR and USA, enormous resources are taken from it for the reconstruction of production and new construction, for investment in agriculture, etc." 17

Two principal incongruities can be identified in V. Adamov's arguments. First, he views the possible result of comparison of the dynamics of Soviet and U.S. NI exclusively on the basis of growth rates established by G. Khanin. Since the growth rates of NI calculated by the latter for 1928-1985 are equal to similar growth rates of the U. S. GNP for the same period, according to G. Khanin the correlation of Soviet-American NI in 1928 must truly be approximately equal to the 1985 correlation. But Adamov did not even try to ascertain what the corresponding correlation should be for 1985 if the growth rate of Soviet NI for 1928-1985 was taken as the basis of comparisons calculated by Goskomstat (8.1 percent). But such clarification is not without interest; on the basis of official growth rates of Soviet NI, the Soviet-American NI should have grown from 8-12 percent in 1928 and should have reached 150 percent in 1985. In the same year, Soviet NI should have exceeded the analogous U.S. indicator 1.5-fold (even though Goskomstat itself cited a much smaller figure-66 percent-for that year).

Such comparison shows that the official growth rates of Soviet NI (as well as of industrial output) are so inflated that if they were believed, the USSR would have already appreciably surpassed the USA in the overall volume of national economic indicators. This property of official Soviet growth rates even had a name: "the CIA paradox" (the previous name assigned by USSR Goskomstat). 18

The second questionable % ature in Adamov's arguments is the use of the figure 8-12 percent as an indicator of Soviet-American NI correlations in 1928 (without any references to its origin). Such a figure presupposes that before World War I the correlation of the NI of tsarist Russia-USA was two times greater (about 20 percent) because in 1928 the USSR had returned to the economic level of 1913, while the USA practically doubled its national income in the period between 1913 and 1928.

However there are very serious doubts about the substantiation of Adamov's basic assessment (and the sources that he took as his basis); it is assumed that it substantially downgrades the share of tsarist Russia. Data on the correlation of the NI of tsarist Russia-USA in 1913 at the level of approximately 40 percent and in 1928 at the level of 20-27 percent are recognized as more accurate today. ¹⁹

In the light of this, let us present the picture of variant correlations of the volume and rate of growth of Soviet-American NI (GNP) in 1928-1985.

Table. Correlation of Soviet-American NI (GNP) Depending on Growth Rates of These Indicators

Correlation in 1985 (%)	Growth rates required to attain given correla- tions		
	1928 correlation =	1928 correlation = 20%	
25	4.7	3.5	
33	5.2	4.0	
55	6.2	4.9	
66	6.5	5.2	

If we take the Soviet-American NI (GNP) correlation in 1928 at 20 percent as minimally acceptable figure and if we at the same time take 33-55 percent as the most realistic values of this correlation in 1985, then the actual average annual growth rates of Soviet NI (GNP) in 1928-1985 must be 4-5 percent. These rates are slightly higher than G. Khanin's data which, in our view, represent the minimal assessment of the growth rates of Soviet NI; taking these prerequisites into account, we incline toward a 4-5 percent growth rate of Soviet NI in the long haul as the most realistic figure. From this it follows that the official growth rates of the USSR's national economic indicators are roughly two times higher than the actual rates.

Problems of Disproportionality and Imbalance in the Soviet Economy

However, comparisons of NI and GNP and their growth rates do not make it possible to reveal certain unique features of the modern Soviet economy entirely and to assess its real place in the world. In order that the picture be sufficiently complete, we must compare the most important national economic proportions.

Comparison of the key proportions characteristic of the Soviet economy with similar proportions in the USA suggests that our country's structure is unique. The reference is first of all to the key national economic proportions of reproduction—the accumulation norm in NI (GNP), the correlation of the two departments of social production (producer goods and consumer goods production). With the establishment of the command-directive system at the beginning of the '30s, the economic development of the USSR was primarily in the form of the growth of producer goods production. Even though 4-5 percent average annual growth of the Soviet NI and GNP over the long haul is quite a good rate, it unfortunately conceals the extremely onesided development of the nation's economy—on the one hand, the

rapid growth of heavy industry producing producer goods and on the other-at best the extremely slow growth of branches producing consumer goods, or else their outright stagnation or the decline of their output (this includes above all agriculture, exhausted by continnous unjustified experiments, as well as the food industry and light industry). 21 Such development was based on the false notion that economic and military might had to be attained at any price (primarily at the price of extensive development); in the sphere of official political economy, it was (and continues to be) justified by the theory of the existence of the so-called law of preferential growth of production, the theoretical and practical erroneousness of which has long ago been revealed in Soviet economic literature²², but which has not found any intelligent response or reflection in official political economy, especially that which is expressed in textbooks.

As a result of prolonged disproportionate development, the Soviet economy has acquired unique features unlike any other country in the world. But official Soviet statistics continue to conceal this fact (like many other things). Thus according to official Soviet statistical data, for decades accumulation in the USSR has absorbed about one-fourth of the country's national income; the share of Group 'A', i. e., the production of producer goods is about 75 percent in industry. Both figures correspond to international practice and should evoke no special concern whatsoever (naturally assuming that we do not focus attention on dynamics. Thus, for example, Group 'A' comprised 39.5 percent of all industrial production in 1928; 61.0 percent in 1940, and 72.5 percent in 1960).

Such "comforting" proportions resulted in particular from the fact that in the USSR, compared with the leading capitalist countries, the prices of producer goods (including investment goods) are relatively lower than the prices of consumer goods (since the latter contain turnover tax and certain other surcharges that have no counterpart in the West). Hence one way of obtaining a more realistic picture of proportions is to make comparative calculations for both producer goods and consumer goods.

This approach reveals that about half of the USSR's NI (compared with 15-25 percent in the leading capitalist countries) goes into accumulation. But if we take the GNP, the USSR directs at least 50 percent of its final product into productive capital investments and armaments compared with a maximum 25-30 percent in the leading capitalist countries. In the USSR's industrial production, Group 'A' comprises at least 85 percent (compared with 55-65 percent in the leading capitalist countries; their highest share—75 percent—was recorded in the mid-'70s in Japan, but this share has no w declined to 65 percent.

Disproportionality in the Soviet economy is exacerbated in two more important directions: (a) in the increasingly insufficient volume of agricultural production, notwithstanding enormous investments in this branch (up to 30 percent of the capital investments in the national economy have gone to Soviet agriculture for a long time compared with 5-7 percent in the USA, for example); (b) in gigantomania in the construction of enterprises in practically all branches of the economy with extremely little attention being paid to small and even medium-size enterprises even though world practice has indisputably proven their high effectiveness (in many branches, it is appreciably higher than at large enterprises).

It would be possible to cite numerous branch and production data clearly illustrating the above-described disproportionality of the Soviet economy. Let is limit ourselves to a few examples. In the USSR the light and food-and-gustatory [pisichevkusovaya] produce less than 10 percent of industry's total output; in the USA—25-30 percent (to say nothing of the qualitative difference of the product itself). In the USA, as much as one-fourth of all national economic capital investments have continuously been channeled into housing construction not only in the 20th but also in the 19th century (with the exception of periods of major wars); in the USSR in the best years—10-15 percent. The service sphere, including social services, is also insufficiently developed in the USSR compared with the leading capitalist countries.

And, it is important to emphasize, the predominance of heavy industry, which produces producer goods, in the Soviet economy is by no means an evidence of the country's high scientific-technical level. It is characteristic that in all sectors of the Soviet economy—in heavy industry, in light industry, and in the service sphere—the development of production facilities and branches most closely connected with the modern stage of scientific-technical progress is extremely weak (with the exception of a number of defense branches) and in some cases is simply in an embryonic state.

The predominance of the "production for production" sector in the Soviet economy confers the right to define it as a "cannibalistic economy." 23

This says a great deal. In answering the question of wivere we are today, in the present situation we can no longer confine ourselves to the clarification of a certain figure denoting the relative value of national product produced or consumed—the calculation will almost always be imprecise because it will lag by several years, and this is no small amount of time given the dynamism of modern ife. This "uestion is answered by the description of the economic system that gives the country a certain place in the world.

With a "cannibalistic economy," the country is doomed to degradation and extinction and if the cannibalistic process is not halted, no manner of comforting calculations will help. This is incidentally attested to by the events of recent years.

The existing disproportions are at the present time also a powerful obstacle to positive change in the Soviet economy, the major reason behind its extreme imbalance and its susceptibility to inflationary processes that quickly destroy sluggish economic structures and the entire structure of economic life that has formed over more than 60 years.

It is a simple pattern since the consumption fund that is used to satisfy effective demand is 25-30 percent of the Soviet GNP (compared with 60-65 percent in the developed capitalist countries) since relatively balanced economic development objectively requires the strict restriction of effective demand primarily by restricting the growth of wages—the basic income of the majority of the population. It was for this very reason that the Soviet economy long operated according to the principle that wage increases must be lower than the growth of labor productivity. As a consequence of the latter, the share of wages in Soviet NI is presently a small share that is without precedent (about one-third compared with two-thirds of NI in the developed capitalist countries).

However, methods to restrict the absolute mass of money income, especially wages, by themselves could not ensure the sufficient balance of this mass with its narrow (and increasingly narrowing over time) share of consumer goods production (among other reasons because the system of mandatory planning and distribution is by its very nature unable to ensure the precise balancing of needs with the available commodity mass). Therefore a unique mechanism for "suctioning" superfluous money from circulation was created and has functioned quite successfully with the aim of restricting absolute and relative imbalances between money incomes and consumer goods. The system of price formation for consumer goods, including an enormous quantity of so-called turnover tax, and the accumulation of savings in savings accounts (today's savings bank), were its most important elements. Turnover tax, ensuring that the prices of goods far exceed their production costs, directs part of the superfluous demand for money into the revenue portion of the state budget. The wine and vodka trade and the sale of imported consumer goods played an especially important role in the "siphoning" mechanism of turnover tax. Savings banks have successfully accumulated growing cash savings that are to a considerable degree not backed by goods and are therefore of a forced nature.

The described balancing mechanism has been directly reflected in the state budget. The enormous volume of capital investments in heavy industry in addition to military spending comprised a prominent part of budget expenditures, while turnover tax together with the monetary resources of savings banks each contributed to budget revenues.

Notwithstanding the functioning of the described mechanism, moderate inflation as a reflection of the excess of monetary demand over the supply of goods and services (at the given price level) has long been in evidence in the Soviet economy both in the form of shortages in certain

commodity groups and the continuous growth of retail prices (about 3-4 percent on the average).

But the especially menacing nature of inflation is seen of late. Scarcity is now universal. Even goods that were previously abundant in the warehouses are now scarce. Retail prices have risen appreciably (according to V. Selyunin's estimate, to 14 percent in 1988²⁴). An enormous state budget deficit has developed.

Such a rapid decline in financial stability in the USSR stemmed, first, from the fact that there was essentially no movement in the direction of at least reducing uniquely dangerous disproportionality in the Soviet economy (and without this movement, all other measures to improve the economic situation are in our view doomed to fail); expenditures nurturing this disproportionality have continued to grow in the state budget. Thus, back in 1988-24.2 billion rubles' worth of major construction projects primarily in the sphere of water projects were mothballed, but new projects valued at 59.1 billion rubles were begun in the same year.²¹

Second, there was dramatic disruption of the abovedescribed balancing between money incomes and the already small consumption fund. On the one hand, the "siphoning" mechanism malfunctioned as a result of reduced turnover tax revenues due to the declining sales of wine and vodka and the decline in imports of consumer goods. On the other hand, there was an excessive increase in the population's money incomes and enterprise khozraschet funds, that is, an increase not connected with the growth of the commodity mass (as a result of the actual abolition of the principle of the relatively more rapid growth of labor productivity compared with the growth of wages). There was a parallel decline in the production of a number of important consumer goods. 26 Also added to this was the influence of other factors-the emergence of new channels for converting noncash money into cash money, the periodic emergence of the process of "flight from money" (the use of cash savings everywhere possible to purchase all material assets), the increasing importation of consumer goods from abroad, the sluggishness of the administrative apparatus in solving individual problems of balancing supply and demand, inter alia, as a result of endless, senseless reorganizations, etc.

Therefore the real financial normalization of our economy must be oriented not only toward the complex of short-term measures to eliminate the state budget deficit and to restore the balance between the consumption fund and money incomes (even though that is necessary), but also as a long-term goal and for the normalization of national economic proportions. Only in such a case is it possible to sever the deep roots of the danger of inflation in the nation and to clear the path for economic progress. In order to carry out this task, we should first of all curb and rationalize the expenditure part of the state budget that is at the same time the basic cause of its deficit and the source that nurtures the continuing disproportionality of the Soviet economy.

One of the decisive directions of the indicated restructuring is the reduction of productive capital investments primarily at the expense of gigantic construction projects in heavy industry, especially the ecologically harmful projects. The reduced volume of productive capital investments must be directed both toward the creation of small and medium-size enterprises with a high scientific-technical level as well as toward the further intensification of the modernization and reconstruction of already existing enterprises. At the same time, priority must be given to the production of consumer goods as well as to housing and social construction.

The second key direction of rationalization of the expenditure part of the budget is the curtailment of arms production (and of other military expenditures) with the reorientation of a number of corresponding enterprises toward the civilian production of consumer goods.

The third most important and most difficult-to-realize direction in the rationalization of the expenditure part of the budget is the elimination of the pathological irrationality of investments in agriculture (enormous investments with the total absence of any kind of positive change in this branch and occasionally with negative results as well). It is also necessary to orient capital investments in agriculture toward the decisive support of forms of management with which mismanagement and low effectiveness are incompatible (without any kind of ideological barriers on this road).

I would like to emphasize the enormous difficulties that exist in the resolution of these problems. It is not enough to merely curtail or alter the usual direction of state spending. There is a need for flexible and effective social policy connected with the relocation and retraining of released manpower.

It is also essential to make a fundamental break with the decades-old mechanism of economic discrimination against spheres and production facilities that are oriented toward the direct satisfaction if the people's needs.

In our view, these problems can only be solved with he aid of purposeful and quite strict state policy. Other measures are also needed: the preservation of the necessary volume of consumer goods imports; the organization of a more flexible state debt mechanism; the use of strict financial and monetary oversight measures in the event of necessity; well-conceived measures to restrict the emission of paper money; the struggle against various monopolistic elements in production, in the market, etc. The final thing that it is important to emphasize: it is time to understand the significance that anti-inflationary policy holds for the country's long-term development, inter alia within the framework of the new economic mechanism proposed in our country. On the whole-and this is confirmed by the practice of socialist countries and now by our practice as well-the expansion of market relations in the economy and the increased

independence of economic units (enterprises and associations) connected therewith must in addition to other things also be oriented toward the development of a complex of measures that do not permit the corresponding economic units to use their monopolistic position, which is moreover intensified by the scarcity of goods, to use their independence to raise prices on output as an easier way of "improving" their economic and financial indicators.

The goal of anti-inflationary policy is not a total price "freeze" (this is impossible and harmful), but is to control inflation and prevent its dangerous rampage. What is more, within the framework of anti-inflationary policy today there is a demand for an entire complex, for the combination of various economic and administrative measures to the degree to which these elements are combined in the economic organization of the country that is going through the very difficult transitional period of reform.

But all the same, where are we?-asks the attentive reader. It is very tempting to give an unequivocal answer to this question indicating our third or fourth place in the world in the production of the national product and our 40th or 50th place in the level of per capita consumption. But we are afraid of confusing our reader in this way since our real place in the world today must be connected not so much with these figures as with our ability to find a speedy solution to our most complex problems. Events are developing too fast and in the eddy of these events we either preserve and multiply the enormous potential that nature gave us or, after squandering everything we had, we will become a crumbling clay colossus that is entirely indifferent to the place its fragments occupy in a rapidly developing world economy.

Footnotes

- 1. NI in 1987 (according to USSR Goskomstat methodology) was \$1449 billion in our country and \$2246 billion in the USA. Soviet NI was converted into dollars according to the correlation: Forices ("SSSR i zarubezhnyye strany 1987, Statistich skiy sbornik" [The USSR and Foreign Countries in 1/87, Statistical Collection], Moscow, 1988, p. 46.
- 2. EKO, No 12, 1988, p 44.
- 3. Anders Aslund, "How Small is the Soviet National Income?," Washington, 1988, p 60.
- 4. Here is an example from one of the very first international comparisons. For 1950 indicators of West European countries vis-a-vis the U. S. GNP were as follows (ir. dollars: Great Britain—20.9 percent; France—14.9; Federal Republic of Germany—13.6; Italy—9.3 percent; in average West European prices: Great Britain—17.6 percent; France—11.7; Federal Republic of Germany—10.5; Italy—6.7 percent (See M. Gilbert and I. B. Kravis,

- "An International Comparison of National Products and the Purchasing Power of Currencies," Paris, 1953, pp 22, 23
- 5. Thus in 1950 the general GNP of such countries as Great Britain, France, the Federal Republic of Germany, and Italy vis-a-vis the U. S. GNP was 50 percent based on the comparison of prices and 35 percent based on the foreign exchange rate (Ibid.). The correlation of the Soviet-American NI in 1987 was 64 percent based on prices and 40 percent based on the exchange rate. Similar correlations for the same year for Japan-USA were 41 percent on the basis of prices and 54 percent based on exchange rates ("SSSR i zarubezhnyye strany. 1987" [The USSR and Foreign Countries. 1987], Moscow, 1988, p 46).
- 6. "Statistical Abstract of the United States. 1986," p 842.
- 7. Anders Ash...d. Op. cit., p. 62. Aslund offers his evaluations in per capita terms (18-29 percent), which gives the above-cited figures when recalculated for the difference in the size of the Soviet and U. S. population.
- 8. Aslund refers to only one quantitative calculation based on two pairs of GNP comparisons: one between the USA and Hungary, the other between the USSR and Hungary. When these results relating to the early '80s are combined, the correlation of Soviet and American GNP's is an equal 34 percent (Ibid., p 54). However, Aslund's report does not cite any detailed information about the procedure and methods used in making the comparisons, and without this it is very difficult to evaluate their substantiation.
- The growth rates of GNP (in constant prices) in principle coincides with the growth rates of NI (also in constant prices).
- M. Korolev, "Does Statistics Know?" (PRAVDA, 30 January 1989).
- 11. As one of the latest examples attesting to the enormous significance of padding, see PRAVITEL-STVENNYY VESTNIK, No 6, 1989, p 5.
- 12. M. Korolev, Op. cit.
- 13. V. Selyunin and G. Khanin, "Cunning Figure" (NOVYY MIR, No 2, 1987). G. Khanin, "Economic Growth: Alternate Assessment" (KOMMUNIST, No 17, 1988).
- 14. IZVESTIYA AN SSSR. SERIYA EKO-NOMICHESKAYA, No 6, 1981; No 3, 1984.
- 15. We use the word "original" to emphasize the fact that G. Khanin developed and used a system of calculations that had no direct analogues with alternate assessments in the West. In this sense, his work is fundamentally different from certain other works by Soviet researches, in which not independent works but developmental efforts appearing before this in the West are

used as "alternate assessments." It is specifically among these authors that we usually do not find the description of the methodology underlying their calculations.

- 16. KOMMUNIST, No 17, 1988, pp 84, 85.
- V. Adamov, "What is Behind Indexes?" (EKO-NOMICHESKAYA GAZETA, No 29 (July) 1987).
- 18. Foreign statistics does not know such "paradoxes." For example in 1961-1985, the growth rates of Japan's GNP were 2.1 times higher than the growth rates of the U. S. GNP. During the same period, the correlation of Japanese-American GNP's rose from 16 to 38 percent. Such a result is entirely in agreement with the logic of the calculations and with common sense.
- 19. The reference is above all to calculations by A. Bergson, the well-known American economist (See "Soviet Economy in a New Perspective. Compendium of Papers Submitted to the Joint Economic Committee. Congress of the United States," Washington, D. C., p 246).
- 20. More precise assessments can be obtained only by calculating the corresponding indexes based on Western methodology described above. But unfortunately only USSR Goskomstat has the materials for this at the present time.
- 21. Such one-sided development is most vividly reflected in the specifics of "fulfillment" of all five-year plans for the national economic development of the USSR. All these plans have as a rule been fulfilled on the basis of the extensive expansion of the production of producer goods: spheres and branches working for consumption, however, have usually been in the breach (See B. P. Orlov, "The Goals of Medium-Range Plans and Their Realization." EKO, No 11, 1987).
- 22. See, for example, S. M. Nikitin, "Strukturnyye izmeneniya v kapitalisticheskoy ekonomike" [Structural Changes in a Capitalist Economy], Moscow, 1965; "Politicheskaya ekonomiya sovremennogo monopolisticheskogo kapitalizma" [Political Economy of Modern Monopoly Capitalism], Moscow, 1975, Vol I, Chapter XIII.
- 23. This figurative name first appeared in an article by V. Selyunin, famous Soviet economist: "Growth Rates on the Consumption Scale" (SOTSIALISTICHESKAYA INDUSTRIYA, 5 January 1988).
- 24. SOTSIALISTICHESKAYA INDUSTRIYA, 6 April 1989.
- 25. KOMMUNIST, No 2, 1989, p 30.
- 26. It is specifically such facts that have become the basic reason behind the scarcity of many consumer goods in 1987-1989. The most vivid example is soap and detergents. No matter how we try to suggest to the population that it has itself to blame for the scarcity of these goods (by surrendering to unhealthy agiotage), it ultimately

turned out that the basic cause of scarcity is the appreciable reduction of production (see, for examp,le, ARGUMENTY I FAKTY, No 3, 1989, p 5, 6).

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Geopolitical Factors of Foreign Policy: the Modern Vision

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[Text] Contemporary scientific thought is facing many complex problems of world development that require the forecasting and actual organization of international relations in the 21st century.

The 20th century that burst so swiftly into the relatively measured life of people brought such rapid and unexpected changes in science, technology, culture, and all social life that many of their consequences are still not clear even today.

In the present stage of world development, philosophy that is based on the priority of the human factor, on the imperative of cooperation and dialogue, is advanced to the forefront in international relations. The speech by M. S. Gorbachev to the UN on 3 December 1988 emphasized in particular that "future world progress is now possible only through the search for general human consensus in the movement toward a new world order."

Such a category as the balance of interests which, upon acquiring a new quality makes it possible to ascend to a new level in the resolution of international problems, is being actively introduced into political theory and practice.

On the Essence and Definition of Geopolitics

The new approaches also compel us to reexamine a number of concepts in the theory of international relations in order to affirm democratic norms common to all mankind in the behavior of nations.

Among them, I would like to single out such a concept as geopolitics. Soviet political science until recently has either completely ignored this concept or else has used it exclusively in a negative sense and has usually connected it with the policy of fascist Germany and U. S. hegemonism. These views have survived to this very day. If the term is used, it is usually used to criticize it.

Western political thought offers quite a number of different imprecise and vague definitions of geopolitics such as the definition that geopolitics "is understood to mean the combined study of geography, man, and political science."

The explanation for the lack of consensus on the definition of geopolitics is that American scholars concerned with this branch of science did not set themselves the goal of designing the methodological principles of a scientific discipline, but simply applied knowledge and methods to determine the disposition of political forces in the world. The fact of the matter is that geopolitics, being an applied discipline, requires addressing questions relating to all manner of spheres of human activity, starting with economics and ending with law, sociology, etc. Consequently, the different definitions stem from difference ins basic concepts, goals, and aspirations.

Every country has its own goals and its own interests which are often at odds with the goals and interests of other countries. The science of international relations is directed toward the solution of concrete practical tasks, and the high level of theoretical generalizations cannot always help in every specific instance.

The investigation of political processes is directly connected to the territory in which they take place and any generalization must be connected to something specific. Hence, regional directions or what we call regionalism. When analyzing the correlation of forces in the world arena, we usually consider correlations between political units of power or objects of international relations. Since these political units are determined by the territory and since relations between them are conditional *inter alia* on spatial relations, geography plays a very substantial role here.

Half a century ago H. Mackinder, the well-known British geographer, suggested the need to analyze and forecast the worldwide distribution of forces, which can be considered a major contribution of contemporary geography to the study of the world political situation. The concept of geopolitics, which was developed by H. Mackinder and other scientists, still exerts a major influence on the investigation of problems of the World Ocean, on the definition of national power, and others. Regional directions in U. S. foreign policy, in particular, Asian-Pacific, Atlantic, Mediterranean, Near Eastern, etc., have been developed with particular intensity at the theoretical level.

The investigation of one or another region usually includes many geographical, geostrategic, sociopolitical, military, demographic, economic, and other data. All these heterogeneous factors of national power are systematized in accordance with the criteria for evaluating the correlation of forces in a region or in the world in general. Therein consists the unique, synthesizing role of the geopolitical approach.

It was specifically geographers who pioneered research on political forces from the standpoint of sputial relations and the strategic location of countries and the principal regions of the world. Proceeding from geography to politics, they gradually substantially expanded the arsenal of basic components necessary for the all-round characterization of the subject or object of international relations.

It became clear in time that geographical knowledge alone was not enough and that the aid of other sciences also had to be enlisted. The determination of national might², for example, requires a knowledge of economics, military policy, sociology, anthropology and other sciences plus sophisticated analytical measures, the use of computers, etc.

What then are geopolitics and political geography and what is the difference between them?

Political geography is usually defined as the science of territorial disposition of political forces within a certain geographical space—country, district, region, state, election precinct, etc.

One definition of political geography is: "Political geography is a socio-geographical science that studies the laws of formation and development of the political and territorial organization of society that is ultimately determined by the entire complex of socioeconomic relations—the contradictions that inhere in a given society (i. e., the mode of production)." Political geography studies the territorial aspects of the political sphere of social life, which is the aggregate of many phenomena, processes and social institutions.

Geopolitics, on the other hand, is concerned with relations between spatial-geographical units—countries, regions, continents.

Geopolitics is a comparatively young science. This name was first used by Swedish scholar R. Kjellen during World War I. It was connected with Germany's aggression against other countries in the struggle for the redivision of the world and Lebensraum (according to the expression of F. Ratzel, another founder of geopolitics). Since that time any manifestation of aggressive aspirations directed toward expanding geographical space beyond the limits of a given country has frequently been defined by the word "geopolitics" and has had a negative meaning.

However, this has never before been the exclusive sense of geopolitics and is even less so now if only because it is significantly broader in meaning and deeper in content. Geopolitics studies the entire spectrum of foreign political relations between countries because practically every political solution is expressed in spatial terms.

The spatial-geographical orientation of the state among those resembling it and the historical, traditional style and methods of its behavior in the international arena always stem from objectively existing factors, which also reflects its geopolitical priorities. Geographical location is a primary stable factor. The state has defined its policy in the world on this basis. Thus, Great Britain's orientation was primarily toward the sea (the constant presence of a mighty fleet), while its island status created the possibility for developing and pursuing the "balance of power" policy when London, without intervening directly in a European conflict, could determine its outcome by taking the side of the weaker nation.

From its very inception, the USA based its foreign policy on its geographical lucation and its advantages. Its remoteness from the center of Europe anabled it to develop relatively independently, rapidly and effectively, initially at a distance from wars and the struggle for the division and redivision of the world. The existence of vast expanses of oceans determined its predominant military organizational development and the gineral orientation of its military policy. Hence there is nothing surprising in the fact that the Pacific and Atlantic oceans are the arena for the U. S. Navy just as the largest land power in the world—the USSR—has historically primarily concerned itself with the development of a ground army.

In the words of the chief of staff of the U. S. Army, the geostrategic location of the USSR permits its armed forces in Europe, Asia, and the Middle East to operate under very favorable conditions "without getting their feet wet," whereas the activity of the Western countries and their defensive capability can be see ured only if they maintain stable sea communications." This is specifically the subject of constant discussion.

The world continues to be divided into maritime and landlocked countries regardless of the existence of modern arms. And in my view, it is by no means necessary for our country or any other landlockped power to strive for naval development on a par with the USA or anyone else. It is sufficient to have naval forces necessary for the defense of its shores that are adequate to its spatial-geographical location and to its conception of the organizational development of its armed forces The general direction of military doctrine must obviously be based on the same considerations, must above all reflect the objective correlation of forces in the world, must above all reflect the objective correlation of forces in the world, must strictly correspond to the nation's economic potential, and therefore must not try to embrace all types of armed forces.

The present agr introduces much that is new to the concept of geopolitics. However the discussion of the struggle for "Lebensraum," for the expansion or revision of national boundaries by force, i. e., of that with which geopolitics is historically connected, is no longer timely today. The point is not only that boundaries are fixed by international law—this is not new—but that the world has entered a qualitatively different phase of development that is fundamentally different from the previous stage.

The existence of weapons of enormous destructive force dictates its own rules of conduct. Nuclear parity has

unquestionably born fruits of its own: the world has not been in a ctate of war during the entire postwar period. The tirtle has now come to make the transition to the next stage where the use of force could be excluded from the foreign policy arsenal of states, they have organized their relations on the basis of the priority of general human values.

Here, too, we encounter the importance of the geostrategic position of countries and geostrategic factors. In foreign policy, this is manifested in all things, ranging, e. g., from the assessment of the geostrategic consequences of the deployment of American medium range missiles in Europe, for example, to the concept of interoceanic communications.

The concept of "Atlantism" also has the place of countries in a given region in world civilization as its point of departure. All of them have historically, for centuries, been natural allies from the standpoint of geography, history, culture, etc. Countries in the Asian-Parific region, which is presently occupying a leading position in the geostrategic correlation of forces, also have many features in common. The major countries of the world are giving more and more thought to the correlation of Atlantic and Asian directions in their foreign policy.

On the whole the point is that geopolitics interfaces with many scientific directions and that this term itself as a scientific definition does that always reflect the entire plurality of levels and complexity of the phenomena studied by it. It would therefore probably be feasible to think about a new concept that is all-embracing and that corresponds to all basic criteria without demonstrating a bias toward one or another field of knowledge. It can be "political analysis" or, let us say, "systems research of international processes." But if we leave the term "geopolitics" as a scientific definition, we should evidently speak about its new interpretation and its new content that would dissociate itself from its traditional interpretation both at the conceptual level and at the practical political level.

Geopolii cs (or some other term) is an aggregate of the new understanding of both the theory and practice of the foreign policy of nations that is based on the reciprocal coordination of the geographical factor, national interests, political and economic priorities, on the exclusion of the power approach, on the regulation of political processes and eventual international crises by international law

The practical embodiment of the new political thinking and the perestroyka that is taking place in the USSR have made it possible to look at geopolitics in a new way. Accordingly, let us turn to the definition of geopolitics in Soviet science. In the reference dictionary Chto pest chto

internal policy. On the basis of a distorted interpretation of the data of economic, political, and physical geography, aggressive foreign policy is presented as predetermined by objective factors. Geopolitics serves as the ideological substantiation of the agressive hegemonistic pretensions of imperialist circles, their attempts to redivide the world, to dominate other countries and peoples all the way up to world domination. Geopolitics is called upon to prove the 'necessity' and 'naturalness' of imperialism's foreign political expansion." Similar definitions can be found in practically all reference works published in our country.

American Geopolitics

Such an interpretation of geopolitics was unquestionably justified with respect to postwar U. S. expansionist foreign policy. Where the USA is concerned, geopolitics has been and continues to be political practice and concrete policy. The geopolitical formulations of American political sc. nitists are reinforced by practical actions and concrete foreign political doctrines. For example, the "Truman Doctrine" and the "Marshall Plan" were the principal expression of the geopolitical idea of the "peaceful conquest" of Europe following World War II.

While the geopolitical orientation of U. S. policy depends on many factors, it is nevertheless invariably oriented toward securing a preferred position in a given region (and of course in the world as a whole) and, as a rule, is reinforced by pressure, sometimes including the direct use of force (in Vietnam, for example).

It can thus be said that the American interpretation of geopolitics is of a forceful nature and is connected with the attainment of U. S. supremacy in the world arena. However, it is also necessary to consider the fact that the geopolitical orientation of any country, especially the USA, was complicated in the postwar period by the bipolar confrontation of the two systems.

Numerous American authors, theoretically substantiating foreign policy with the conclusions of British geographer H. Mackinder, maintain, for example, the need to exercise control over the European continent in the interest of dominating the world. They propose the use of force in relations with other countries.

According to the views of H. Mackinder, A. Mahan, and I. Speakman, the Eurasian continent is the World Island. At its center is the Heartland. Russia—the dominant power in the Heartland—occupies a "central strategic position" within the framework of Mackinder's "central strategic position." It is opposed by countries hased on sea power, some of which comprise the Inner Crescent of the World Island: Germany, Austria, Turkey, India, China, while others comprise its Outer Crescent. Britain, South Africa, Australia, the USA, Canada, and Japan. (The Inner and Outer crescents, in the form of two concentric semicircles, surround the European center). Their attempts to penetrate the Heartland have proven futile for historical and geographical reasons.

H. Mackinder believed that the power that dominates the Heartland possesses a large number of significant geopolitical advantages. He therefore adduced the following: "Whoever controls Eastern Europe dominates the Heartland. Whoever rules the Hearland dominates the World Island. Whoever rules the World Island dominates the world."

H. Mackinder believed that Russia in the future would begin to exert "pressure" on countries of the Inner Crescent, in particular on Western Europe. The "restraining counterpressure" of countries belonging to the Inner Crescent was supposed to oppose this pressure. They could hope for success only if they organized the appropriate relations with countries of the Outer Crescent. The most acceptable form of such an alliance is the creation of "Amero-Europe" (this Mackinderian term concealed the American-West European union that today's politicians call the "Atlantic Community").

On initial acquaintance with the works of these authors, one is struck by their dualistic perception of the world. The world process is viewed as the constant confrontation of two oppositely directed forces: sea and land (the USA and the USSR according to Mackinder) or capitalism and socialism (according to the American political scientists of today). It can be assumed that geopolitics here serves as a means of bolstering faith that postulates the general character of dualism which permeates even the stones of the planet. It is a reliable basis for the ideology of confrontation.

It must be said that America's traditional views of its role in world affairs have been characterized by "value dichotomism" or the "black-and-white" division of all forces in the world arena into forces of "good" and "evil." This was a definite prerequisite for the receptiveness of American politicians and scholars to geopolitical conceptions. Incidentally, as a result of the synthesis of geopolitical views and American traditionalist views, the Mackinderian schema of dual confrontation has acquired a clearly expressed value coloring.

Using its transoceanic position, which at that time was unassailable by any type of arms, the USA decided to baptize the world in the American faith in the 20th century. J. Fairgrieve, well-known British geopolitician, wrote in 1941: "the USA can become the bulwark of ocean might and play the part that was formerly played by Britain. Separated, even though not by much, by oceanic expanses from the direct action of stratagems of the Old World and possessing might, the USA can lay claim to the function of arbiter in world disputes." 10

Direct kinship with geopolitics is also revealed by the American doctrine of the "balance of power" with its demand to prevent any one major power from exerting a dominant influence in Europe. The particular features of the geographical position of the USA require that it control the world's sea lanes in order to dominate—such is the point of view of Admiral A. Mahan, one of the

founders of the American school of geopolitics. U. S. foreign policy in the 20th century is the practical embodiment of these conclusions.

Geopolitics is based on objective realities that are independent of man. They are above all the geographical factor: the length of borders; the location and spatial length of one country vis-a-vis another; access to the sea; population; topography; the part of the world to which a country belongs; a country's island status; existence of natural resources, etc.

The geopolitical concept today has become considerably broader and more diverse as a result of the inclusion of such components as political, economic, scientific-technical, socio-psychological, and others.

The scientific approach to any complex phenomenon demands that it be considered in the aggregate of all components, in all its diversity and contradictoriness, otherwise the objectivity of the analysis will be lost. And, naturally, any phenomenon must be examined in a specific historical context.

The broader interpretation of the "zone of U. S. vital interests," which because of global commitments have in a number of cases led to the unprovoked use of military force far beyond U. S. borders and have increased the possibility of world conflict, can be explained in terms of geopolitics.

The traditional interpretation of the limits of national security and the increased threat posed to it by bipolar confrontation have repeatedly led to increased tensions between the USA and the USSR and throughout the world in general.

The enumerated geopolitical factors can be assumed to influence the foreign policy of all countries without exception. It appears that all countries use the geopolitical approach in practice. Nor is the Soviet Union an exception to this rule.

It would be incorrect to say that there are two geopolitics—imperialist and socialist—just as it would be wrong to say that there are two geographies. The question is each individual country's interpretation of geopolitics, the state (foreign policy) interests that comprise it, and the goals that are pursued by it.

National Interest as a Component of Geopolitics

National interest is a basic category in international relations and in geopolitical theory. Here we encounter the need to develop common criteria for evaluating this concept that would correspond to the new realities in international relations.

The traditional interpretation of national interest is quite broad and is primarily connected with the attainment of such goals as the existence of the nation as a free and independent state, securing economic growth and national prosperity, preventing the threat of war or

encroachments on sovereignty, the retention of allies, the attainment of a position of advantage in the international arena, etc.

National interest is tangioly expressed in the formulation of the goals and tasks of a country's foreign policy. The existing interpretations of this concept in Americar political science (especially in objectivistic and subjectivistic political science) are usually connected with the position that the country occupies or intends to occupy in the world community as well as with concrete goals that are pursued with respect to other states.

As Walter Lippman noted, the behavior of countries over a long period of time is the most reliable but not the only indicator of their national interest. As one study notes, even though interests "are not eternal, they are surprisingly constant...There is no great mystery about this: geographical factors are an invariable phenomenon...therefore, each succeeding generation usually encounters the same problems and reacts to them in more or less the same way."

In practical terms, national interest, which is ultimately expressed in the policy of a given country, inevitably takes on a subjective coloring. Such a phenomenon is reflected in the choice of possible ways of attaining goals in different areas. The USA, for example, has certain interests in the Near East because of the region's strategic significance. This explains the necessity of its constant presence in this area, which can be realized in different ways ranging from political dialog and economic aid to the appropriate countries to the show or use of military force.

In the present article, "national interest" is viewed as the interest that a country expresses in the international arena. ¹² According to H. Morgenthau's definition, "a country's foreign policy is the expression of its national interest vis-a-vis other countries. "13

Change in the basic components of national interest alters policy, its goals and tasks accordingly. Therefore the objectively correct definition of the national interest, specifically bringing needs into line with potential, promotes the orientation of a country in the world community and helps it to find the avenue of foreign policy that is best suited to the situation.

If we try to define national interest in objective terms, it will be more likely connected with the restriction, albeit forced, of own needs or ambitions. If we assume that the policy of the balance of interests is widely implemented, countries will inevitably reach a point where interconnected national interests will require their restriction to a certain degree. The inclusion of the concept of "objectively evaluated national interest" in the modern political dictionary will help to resolve the problem of determining the most appropriate correlation of national needs and potential. If we assume that such an interest will be at the basis of a country's foreign policy and its geopolitical aspirations, we will come to understand the

need for change in the very essence of geopolitics upon which national interest is based.

In the process of building the new type of international relations, that will be based on mankind's interest in general, it will also be necessary to alter the basic principles underlying the formation and implementation of foreign policy. A world based on cooperation, mutual understanding, and reciprocal development will be created by bringing the priorities of national interest into line with the interests and goals of other countries. In its new capacity, geopolitics can become the basic instrument and philosophical basis of political life because it is the quintessence of what exists objectively, i. e., the spatial-geographical factor on the one hand, and on the other hand, such a constantly changing factor as a country's foreign policy and all its components.

These changes in priorities and consequently in foreign policy must be carried out on a conscious, good-will basis. Just as the formation and formulation of national interest and goals in their aggregate depend on the bearers of power that are numerous participants in the decision-making process, any change in priorities—in addition to consideration of objective factors—ultimately also depends on subjective factors. In the forecast political situation, the subjective factor can play an even more important role since the creation of a new priority in international relations requires deliberate change in the latter and their conscious participation in the formation of consensus in the world.

Geopolitics: Yesterday, Today, Tomorrow

The existence of enormous reserves of arms, everincreasing interdependence, the need for the wider, more complete participation in the world division of labor, in integration processes, mankind's global problems, etc. all this attests to the objective need to develop a new, general mechanism for solving mankind's problems. The adoption of the appropriate decisions depends only on its direct participants: thinking individuals.

The moral and ethical factor accordingly occupies a leading place in geopolitical priorities and determines the general humanistic approach to international relations. It becomes imperative to raise the scientific and moral level of participants in the world community and of the world community as a whole.

The development of a new approach to international relations based on the balance of interests will obviously require the revision of the system of alliance relationships and obligations in the structure of blocs that is based on and "nurtured" by the same bipolar confrontation of the two systems.

On the one hand, the development of interdependence and integration is accompanied by the growing diversification of intrabloc relations based on improvements in military-economic cooperation, inter alia in R&D, in the production of arms and equipment, and in the creation of aggregate military aid. On the other hand, the system of blocs becomes a definite brake for participating countries. In the military area, this takes the form of a single, centralized military command, the subordination of contingents of member nations' armed forces to it (as in NATO, for example), the standardization of weapons, and the planning of defense spending. In the political sphere, it means the adoption of joint decisions on various questions of a military-political or military-economic character.

Objective processes require change in the rigid structure of alliances so that their participants would have freedom to maneuver—with the prospective total elimination of blocs. This applies not only to NATO, but also to the Warsaw Treaty Organization because, notwithstanding the difference in many parameters, they retain common features that inhere in military-political associations of this type.

It appears that the transition from confrontation, from a bipolar structure (which in itself must be gradual and—above all—natural for all its participants, i. e., conditional upon economic, sociopolitical, and moral necessity) is realized through the extinction of such rigid structures as military-political alliances. In turn, this will lead to the gradual creation of a cooperative mechanism through reciprocally coordinated national interests.

The dissolution of blocs is also connected with the elimination of the division of Europe, with the idea of building a common European home. The burden of ideologization of international relations still hovers over its creation. I would like to mention in this regard that international relations are always inherently ideologically colored because of the close interaction of geographical and ideological dominants in the state's foreign policy.

Nevertheless world developments suggest that the ideologization of international relations is not only harmful but is also fundamentally false. "Ideologization," writes well-known Soviet political scientist G. Shakhnazarov, "always finds arguments for the confrontation of the two systems. Moreover, such an ideological dispute necessarily suggests that one side must be victorious over the other. Consequently it is inevitably regarded as hostile, as primarily emphasizing the problems of rivalry rather than the interests of the cause." 17

The new reading of geopolitics will more likely be manifested in the fact that countries will cease joining "abstruse power and geopolitical combinations" as is the case today. Incidentally, the emergence of such terms as "sphere of influence," "arc of instability," and the creation of various triangular and rectangular combinations in the spirit of H. Kissinger is connected with this traditional geopolitical vision of the world. In other words, it is possible to make the transition from the policy of a balance of interests. Since countries, as long as they exist, will always enter into relations with one another, a certain geopolitical attraction will always exist; however its

character—based on humanistic principles and the balance of interests—can be entirely different.

Therefore the thesis that "traditional geopolitical parameters (geographical remoteness, for example) play a smaller and smaller part" is debatable. ¹⁵ While the time of geographical invulnerability has, of course, passed, the territorial location of countries, which is connected with the question of borders, their length, etc., is also of great importance today. The significance of various regions of the world is primarily explained by their geographical location. For example, the Mediterranean region has been and continues to be considered important because of the location of many countries here and strategic avenues. This, in particular, can explain the struggle for influence in the region. Or, for example, Austria's adoption of neutral status following World War II is largely explained specifically by its geostrategic position.

The new, modern direction in geopolitics is connected with the use of different concepts relating to social psychology. The geographical environment already plays a slightly different role here, but the essence of foreign policy is connected with politicians' and scientists' subjective views of the world. ¹⁶

Distinctions are made for existentialist, behaviorist, and other interpretations in the socio-psychological investigation of geopolitics. The first emphasizes people's "territorial feeling." From this logically follows Europeans' feeling of a "united Europe," the Americans' "global thinking," and the Jews' "feeling of homeland." The second interpretation is connected with the analysis of a political leader's motives that are based on his subjective approach to geographical determinants. Each of these interpretations unquestionably has the right to exist; each has its share of the truth.

American geopolitics has recently used the term "regional communities" (for example, the Pacific community, which includes the USA, Japan, Australia, and the ASEAN countries, or the South Atlantic community, consisting of the countries of the given region). Of course, the geographical factor, in addition to the others, plays a large part in the formation of "regional societ-' Over time, however, under the influence of increasing interdependence, this communality can be eroded through its integration into the worldwide community. It is still too early to talk about a world community: the objective conditions for this are not mature. The fact of the matter is that there are two opposing trends at the present time: at the national level and at the regional level. On the one hand, the world is encountering the growth of nationalism, the struggle against penetration by alien mass culture, and the striving to preserve originality and historical roots. On the other hand, economic interpenetration inexorably leads to the erosion of all boundaries and barriers, to the maximum facilitation of the movement and intercourse of people.

Modern geopolitics, if it is able to into account this struggle of tendencies, can rise to a higher level and

become a kind of synthesis of many processes that are characteristic of the interaction of countries.

Toward a New Interpretation of National Security

The doctrine of national security has always been an integral part of the geopolitical concept and has formed largely on the basis of geopolitical views. The American doctrine is aimed at creating conditions to secure U. S. supremacy in any part of the world with the aid of military, political, and economic methods. Accordingly, the "national security" concept is (1) invariably associated with the concept of force and its possible use, and (2) is interpreted so broadly as to include all strategically important regions of the world regardless of their distance from U. S. territory. Geopolitical postulates play a very important part in determining the priority of various regions from the standpoint of U.S. national security. In addition, there are also most important geostrategic directions (for example, the USSR, Western Europe, and the Asian-Pacific region).

The doctrine of national security is based entirely on the bipolar confrontation of the USSR and USA and, in its practical application, on the "zero-sum" game: where the USA loses, the USSR wins and vice-versa.

It is difficult to find a precise definition of the concept "national security" in the U. S. political lexicon. For example, R. Barnet, the well-known American political scientist believes that this concept has become very nebulous since the United States passed the national security law in 1947: "It was sufficient to declare that America has enemies and that the armed forces had to be augmented and—from time to time—used." He concludes that this is everything that the definition of national security apparently boils down to.

A special provision of the 1947 law created the National Security Council—a mechanism for formulating and coordinating foreign, internal, and military policy—which, in the words of V. F. Petrovskiy, well-known Soviet foreign policy theoretician and practitioner, is responsible for "weighing and evaluating goals, obligations, and the degree of risk to the United States in connection with our present and potential military force, with an eye to submitting recommendations to the president...."

The priority direction of national security doctrine and policy can be expressed in concentrated form in the following formula by the same R. Barnet: "Each player tries to secure maximum security for himself by reducing the security of his opponents. This is an unambiguous appeal for permanent war in one form or aflother."

Being one of the practical embodiments of geopolitical views, the American doctrine at the same time must necessarily change together with change in these views and with change in the structure of the world as a whole. The traditional interpretation of Cold War times no longer fits the modern landscape of world politics even though its viability cannot be denied.

This is attested to, for example, by a report on national security matters for 1988 submitted to the congress by President R. Reagan. It defines the basic objective of U. S. national security as being to "deter any aggression that might threaten security, and in the event of the failure of deterrence, the country must be ready to ward off any military attack and to end the conflict under conditions favorable to the United States, its interests and the interests of its allies."

Among the specific national security objectives included in the report are: "Preventing the Soviet Union or any other hostile country or coalition of countries from dominating Europe...Preventing the transfer of important technology and inventions to the Soviet bloc and hostile countries and groups...Neutralization of the Soviet military presence in the world will reduce the possibility for the Soviet Union to use force and will stimulate the implementation of independent policy by countries dependent on the USSR."

As in the past, the Soviet Union is proclaimed to be the main threat to U. S. security, while the "new style" of Soviet policy, which "has occasionally placed the governments of Western countries on the defensive," is viewed as "a more refined challenge to Western policy." The realization of U. S. national security includes the adoption of measures against the possible infliction of harm by presumed enemies.

In itself such an interpretation may have the right to exist if there are real enemies, even if in a hypothetical variant. Today's world in still not perfect, and no one can boast of feeling absolutely secure. However the cited document does not in any way reflect the new approaches to international relations that are based primarily on the priority of values common to all mankind and the balance of interests, and, most importantly, does not overcome bipolarity as a manifestation of the confrontation of the two systems. The realization of these approaches could make it possible to revise the national security concept. The lowering and minimization of the threshold of nuclear and other types of deterrence would make it possible to transfer this concept to the plane of non-forceful categories and to abandon the formulation of concepts in terms of "friend or enemy."

The economic realities of the modern world also objectively lead to the need to view national security categories in an economic context. The reference is to the interrelationship of the state's economic potential with its military expenditures and foreign political actions. In other words, to the correspondence between the state's potential and needs. The same presidential report emphasizes that national security and economic might are inseparable, that the economic factors capable of influencing the state of national security now or in the future must be clearly understood. This also concerns such aspects as increased dependence on foreign sources of supply, the threat of global protectionism, the debt problem, etc.

The point at issue is essentially the recognition of a definite correlation between the general state of the economy and expenditures on military confrontation. Since the former is an element of national security, one or another interpretation in the military-power aspect will be directly reflected in a country's economic potential. We observe this process continuously and everywhere, and especially graphically on the basis of our own example, where the long-term arms race has become one of the reasons for the economy's crisis state.

For centuries military expenditures were for the most part expenditures on the development of the economy and technology, and when the state sharply increased military allocations, it was because it had specific military actions in mind. It entered into military alliances in order to attain such goals as the territorial redivision of the world. Such actions usually led to wars that determined changes in the correlation of forces. Overheating of the economy as a result of military efforts led either to victory or defeat. In the event of victory, the imbalance in the distribution of resources in a country's GNP was more than compensated by the results of victory, in the event of defeat, the imbalance was an additional burden.

In the modern situation, however, we are dealing with elements of a system for the regulation of economic relations that has its own patterns and logic of development. This system is common to all countries and it functions according to the same laws.

A great deal depends on the correlation of a country's goals and potential. Countries whose goals generally corresponded to their potential, even if they did not always emerge victorious, nevertheless emerged from wars with their economy sustaining fewer losses.

The arms race today is is also a peacetime phenomenon. It greatly strains and overstrains economic structures, causing a country to lag in economic growth rates and other indicators and to yield its place to stronger countries. One can agree with American researcher P. Kennedy that "survival and victory in war are attained by the side whose economy is capable of passing the test for strength. It is obvious that the might of the leading powers develops in accordance with their relative economic positions. What is more, from the standpoint of history, this happens so fast that one can specifically now ask: to what are today's economic and technological trends leading in terms of the balance of power."19 Such tendencies are now uppermost in determining a country's power or might. The very concept of power also changes accordingly: the military component increasingly yields to the economic, political, and many other components.

Of course, it is still too early to speak of military force's absolute loss of its positions. Nevertheless, modern political practice has shown that attempts to solve international problems by military means not only does not bring success, but more often even has the opposite

effect. Therefore the rethinking of such multidimensional and comprehensive concepts should obviously go beyond the framework of academic research and should become part of the practical actions of countries.

Thus, power is constantly and gradually being redistributed between the nations of the world depending primarily on the correlation of their economic, military, and political potential and many other components. This process dates back to the formation of countries and develops with different modifications and at different periods of time with a greater or lesser degree of intensity.

The nuclear age is characterized by the bitterest rivalry on land and sea and is determined by the creation of peacetime military alliances in the event of future war.

As a result of this rivalry, there is global change in the correlation of forces, in the entire geostrategic situation.

Taking a retrospective look at history, we see that it begins in the East, in Asia, and that it continues in the Mediterranean basis where the two major peoples of the ancient world—the Grocks and the Romans—lived. With the passage of time, the historical center shifts to Europe.

"The theater of history becomes wider, from the shores of the Mediterranean Sea, which became a Roman lake, history goes farther North and German peoples come to the forefront; Eastern Europe—ancient Scythia gradually moves into history if only through its leading peoples living on the fringe of the German world." 20

Eurocentrism as a process dates specifically back to the Middle Ages. It was based on a single religion (unlike the pantheism of the ancients) that predicated the creation of a single civilization. Despite all frictions and contradictions, reforms and schisms, a common European civilization was preserved notwithstanding the great diversity of the peoples comprising it.

By the middle of our century, the world was gradually entering a new state: new countries (primarily the USA and USSR) came to the forefront, and a bipolar system of relations began to form. Such changes do not come all at once and immediately. The bipolar system is not exclusively the result of World War II: it was prepared by the entire course of historical development and by the corresponding redistribution of the economic and military power of nations. This was a slow process that transpired through wars representing new stages in the redistribution of power, through the formation and disintegration of coalitions.

The future development of events can already be forecast and we must be ready to make them active participants. This requires not only foreseeing changes in the geostrategic situation as a result of the further redistribution of forces and the creation of new power centers in the world arena (for example, new industrial nations in the East and in Latin America), but also considering the possibility of a shift of the center of world politics eastward from Europe. At any rate, its strategic system of coordinates includes a large spectrum of components of change in the correlation of forces, which must be considered now and in the future.

Footnotes

- 1. H. Mackinder, "Democratic Ideals and Reality," New York, 1942 p 2.
- See "Voyenno-ekonomicheskiye svyazi stran NATO" [Military- Economic Relations of NATO Countries], Moscow, 1988, pp 211-224.
- 3. Cited in: V. A. Kolosov, "Politicheskaya geografiya. Problemy i metody" [Political Geography. Problems and Methods], Leningrad, 1988, p 13.
- For more detail, see: L. A. Modzhoryan, "Geopolitika na sluzhbe voyennykh avantyur" [Geopolitics in the Service of Military Adventures], Moscow, 1974, pp 13-16.
- 5. See Y. Lacoste, "Les geographes: l'action et la politique," Herodote, 1984, pp 3-32.
- Cited in: "Voyenno-ekonomicheskiye svyazi stran NATO" [The Military-Economic Relations of NATO Countries], p 222.
- 7. "Chto yest chto v mirovoy politike" [What's What in World Politics], Moscow, 1987, p 93.
- 8. H. Mackinder, "The Scope and Methods of Geography and the Geographical Pivot of History," London, 1951, pp. 20-21.
- 9. Cited in: "Foundation of National Power," Princeton, 1945, p. 85.
- 10. J. Fairgrieve, "Geography and World Power," New York, 1941, p. 335.
- 11. Cited in: "National Security Strategy of the United States," Washington, January 1988, p.1.
- For more detail, see: E. Pozdnyakov, "National, State and Class Interests in International Relations" (MEMO, No 5, 1988).
- 13. H. Morgenthau, "What is the National Interest of the United States?," New York, July 1952, p XI.
- 14. KOMMUNIST, No 3, 1989, p 75.
- V. P. Lukin and A. A. Nagornyy, "The Conception of the USSR-USA- PRC Triangle and the New Realities of World Politics" (SSHA, No 6, 1988, p. 13).
- 16. In this connection, we should mention such a concept—that exists in social psychology and that is closely connected with geopolitics—cognitive cartography. This is man's individual perception of surrounding world

- space, his mind's own "picture" of it. The behavior of politicians accordingly depends largely on their "picture" of the world.
- 17. V. F. Petrovskiy, "Doktrina natsionalnoy bezopasnosti v globalnoy strategii SShA" [The Doctrine of National Security in U. S. Global Strategy], Moscow, 1980, p 14.
- 18. "National Security Strategy of the United States," Washington, 1989, p.5.
- 19. P. Kennedy, "The Rise and Fall of the Great Powers," New York, 1987, p XXIV.
- T. N. Granovskiy, "Lektsii po istorii Srednevekovya" [Lectures on Mediterranean History], Moscow, 1986, pp 5-6.
- COPYRIGHT: Izdatelstvo TsK KPSS "Pravda", "Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1990

DIALOG

The 'Common European Home': Problems and Perspectives

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[Article by Yu Borko]

[Text] A year ago Yu. A. Borko, doctor of economic sciences; chief scientific associate, Institute of Scientific Information on the Social Sciences [INION] of the USSR Academy of Sciences; and B. S. Orlov, doctor of historical sciences; sector head at the same institute, reflected on the destiny of Europe in our pages. The material evoked interest in our country and abroad. Today the scholars continue their discussion.

- B. Orlov. The reaction—both inside and outside the European Parliament—to M. S. Gorbachev's Strasbourg speech showed that the idea of the common European home has for the most part been accepted everywhere. Almost everyone is "pro." There is already a flow of literature in the form of both articles and books. There is an intensive exchange of opinions. So much is being written that the topic is in danger of being "talked to death." I therefore ask you: should we join this many-voiced choir? Can we say something original and above all useful?
- Yu. Borko. Your doubts are justified. A great deal is indeed being written on this topic. While some of the articles are serious, there is also an abundance of superficial articles written in the style of the folk saying: "What does it cost us to build a home?" The construction of the common European home is an extremely complex, delicate and, I add, very prolonged affair. And the more clearly we see the probable difficulties, the better it will be. Hence there is something to talk about.

Orlov. What are the complexities?

Borko. First of all, the way the concept itself is perceived. When you say the word "home," the Mongol thinks of a yurt, the Russian sees a hut, and a Caucasian mountaineer—a saklya [Caucasian mountain hut]. The example is, of course, conditional because in our information age, everyone knows that there are different kinds of homes. But this makes it all the more necessary to agree on the specific kind of home we have in mind. Nor is this everything. After all, we have not yet gone beyond the limits of the visual perception of the common European home.

Orlov. As an amateur builder, I am impressed by such an approach. It is graphic and easy to understand.

Borko. Graphic, but I am in doubt as to clarity. I have lectured on several occasions in Western Europe and have found each time that my listeners usually associated the word "home" with the future political structure of Europe: will a place be found for present economic and political alliances, will the Germans live in three separate apartments as is presently the case, or will they be combined into one, will there be an apartment for the USA, etc.? But to answer these specific questions means being able to anticipate the political organization of Europe in the 21st century. Who is capable of such prophecy?

However there is another approach: the attempt to clarify the content of the European idea and to determine its historical meaning. To put it more briefly, we must proceed from image to essence, and it consists specifically in the way that we plan to live in our future common home. What, then, is the content of the idea we propose? My question. Your answer.

Orloy. I nevertheless believe that both approaches are legitimate. It is necessary to clarify both form and content. But if we speak of the second approach, I would define the common European home as a community of peoples that has freed itself from enmity and mutual suspicion, that has thrown off the age-old burden of mistrust. The very word "home" indicates the character of the relations. A home is a place where people understand you and you understand them, where the tenants show interest in one another, where they are surrounded by an atmosphere of agreement and spirituality. A home is a qualitatively new level of relations where, in the words of the poet, peoples, "having forgotten discord" wish to "join the great family."

Thus, the pivotal idea behind the common European home—trust—and the pivotal thought behind the European idea—the cooperation of peoples in an atmosphere of spirituality, culture, freedom, tolerance, and diversity—are reciprocally conditional. But the key that makes it possible to enter the house is trust. Without it, you cannot open the door. Hence also the delicacy of the problem.

Borko. What you have said seems to me to be extraordinarily important. Today you can have any number of roundtable discussions on the architecture of the common home and they are not without benefit. But there must be agreement on one point: the home will be dominated by relations of a new type, by the relations of trust. This, in my view, is the essence of the idea of the common European home.

Orlov. You say 'must be agreement,' but, reading between the lines, you are saying that it does not exist. But the nature of relations between peoples, between countries is a fundamental question. It is a question of historical and philosophical orientation that is calculated not for the needs of the moment, but for the extended future.

Borko. Absolutely correct. Hence we must dig deeper in order to compare your vision of the common European home with the views of our partners. Here we find one of the principal obstacles on the road to mutual understanding because we have varying degrees of preparedness to receive this idea, or more precisely, different historical and cultural soil from which Europism has grown. After all, the "European idea" is new only to us and not to Russia in general, but to the post-October generations who decided to rewrite history from the very beginning. In the West, however, this idea has been nirtured for many hundreds of years.

Orlov. When would you say it originated?

Borko. The first image of Europe-of the Christian world that opposed "heretics"-dates back to the 11th century, when the Roman Catholic Church finally parted with Orthodox Byzantium. But in the 14th century, Italian theologist and humanist Enea Silvio de Piccolomini, also known as Pope Pius II, had already called Europe "our fatherland," "our own home." Over time, this view of a whole Europe, enriched by the ideas of the Renaissance, the Reformation, the Age of Enlightenment, and the French Revolution, was transformed into the concept of European civilization. Of course the history of Europe is not written in blue or rosy colors: it knows the time of the Inquisition, bloody regimes, and ethnic oppression; it is filled with countless wars; it survived the plague of fascism. But nevertheless, at the middle of the present century, when Western Europe, shaken by everything that had happened, set about building its common home—the European Community (EC)—it was able to draw on the spiritual tradition of many centuries.

Orlov. But did not the Eastern Slavic peoples, starting with Kievan Rus, belong to the Christian world? And did not French kings marry Kievan princesses? And did not "Muscovy," upon being liberated from the yoke of the Golden Horde, renew its severed ties with the European countries? And then there was Peter who "cut a window into Europe."

Borko. Of course the European ties of the Eastern Slavs and Russia date back to the distant past, but sometime in the mid-17th century they became stable and very dynamic. Russia joined in European life in all its aspects. Incidentally, this also found reflection in the development of the "European idea." Back in 1693—during the time of Peter—William Penn, one of the leaders of the English quakers, published a European Confederation Plan which stated that if it was to be "worthy and just," it had to admit "Muscovites." Penn was essentially the prophet of the idea of "Europe from the Atlantic to the Urals."

Orlov. Does it not seem to you that the popular term "to cut a window into Europe" takes on new meaning today? When Peter was "cutting" this window after his fashion, he was overcoming the resistance not so much of the Europeans as of his own fellow countrymen. Our country's tradition of rejecting Europe has been very stable. There are still those who condemn Peter's actions for undermining our national uniqueness. It appears that the idea of the common European home can evoke a similar reaction in our country.

Borko. In my view, this trend has already surfaced. But first I would like to end our historical digression. No matter what the obstacles, during the 19th and early 20th centuries, Russia's economic, political, and cultural ties with European countries developed with exceptional intensity. We not only became a part of European civilization, but Europe in turn also absorbed Slavic culture. Let us recall if only the Great Russian Novel, Russian modernism, and Russian philosophers at the beginning of the 20th century. We can also recall the pleiad of Russian scientists of that time. And then came 1917 and the split with Europe, toward which our traditional anti-Europeans have no relation whatsoever.

Orlov. Yes, the "European idea" ceased to exist for us. It was replaced by the idea of world revolution. Lenin's assessment of a United States of Europe, which "under capitalism is either impossible or reactionary," determined our attitude toward all plans for the consolidation of capitalist Europe for decades. We repeated this formula when and when it was not appropriate.

Borko. I will interrupt you. After all, Lenin agreed with Marx and Engels who called the plan for a "European republic" a bourgeois pacifist fantasy, in the belief that world proletarian revolution was the sole prerequisite to putting an end to war.

Orlov. Precisely so! They proceeded from the conviction that this revolution was imminent. During the years of Stalinist totalitarianism, Lenin's assessment of the United States of Europe was used as one more argument justifying the "iron curtain," behind which was not only our country, but all Eastern Europe as well. Only after decades of self-isolation, that worked to our great material and moral detriment, did we return to the idea of a whole Europe and try to understand the meaning that we ourselves give to it.

Borko. I agree. But we are still getting used to the idea while the West Europeans have understood it long ago.

We are just beginning the spadework on the common European construction project proposed by us, while their home is already half built. It will be necessary to eat more than on, pood of salt to determine what each of us means when we use the same words. We will have to compare our ideas and our practical experience.

And then: who are "we?" The country's political leadership? Intellectual circles? The general public? Everyone has their own ideas on this score.

Orlov. If we talk about our "top leadership," the change was noted in the first half of the '70s when the first real contours of detente began to appear and the Final Act of the Conference on Security and Cooperation in Europe was signed in Helsinki. However, as subsequent events showed, our leadership at that time proceeded from such an understanding of national interest and such ideological postulates that entirely precluded the prospect of a common European home. It was not until after 1985 that there was a 180-degree turn and our Western partners began evaluating the goals, methods, and style of current Soviet diplomacy more positively. This evaluation also extends to the USSR's European policy.

Borko. However, they do question the stability of this course and above all whether its continuity is guaranteed. I see this as one of the reasons for the caution with which West European politicians and experts approach the evaluation of the idea of a common home. What can you say about the position of our intellectual circles?

Orlov. It seems to me that they on the whole accept the values of European civilization. This has been traditional for the Russian intelligentsia.

Borko. I also hope that this is the case. But do not forget that the tradition of anti-Europism has also existed for a long time in our country. Recall the passionate polemic between the Westernizers and the Slavophiles. Recall the concept of the Eurasian essence of Russia. It seems to me that the old disputes have been rekindled in some, perhaps not very distinct, form. But I see the major problem to lie not here but in the traditions of mass culture. Is that not so?

Orlov. Yes, here we indeed find such phenomena as the cult of the "firm hand"; the low level of civic solidarity; the habit of submitting; scorn for the dignity and rights of the individual; the rejection of free-thinking; intolerance of the minority; and the tendency to use forcible methods to overcome dissent. Rus was converted to Christianity by Byzantium, but unfortunately did not go through the purifying era of the Renaissance and the Reformation, because this period was specifically the high point of its isolation from Europe. Is this not the explanation for our characteristic "ideological fundamentalism?" I am still struck by the fact that despite the common spiritual basis of Russian and European cultures—the commandments of Christ—the Orthodox Church has consigned the hated "Latinstvo" [Catholicism] to anathema. A "Latinvanin" [Catholic] in church

literature in the 16th century, for example, was approximately the same as an "ideological subversive" according to very recent standards.

Borko. Orthodoxy was not original in this respect. The Catholic Church was even more aggressive toward Orthodoxy. We recall the plunder of Constantinople by the crusaders at the beginning of the 13th century and our own history: the invasion of Pskov and Novogorod land by the Teutonic Order.

Orlov. Your examples date back to the early Middle Ages. But we demonstrated our own intolerance of the social democrats, for example, very recently. When I weigh our distant and recent historical experience, I ask myself: can we reach an understanding of the "European idea" that would accord with the Western understanding?

Borko. I wish to repeat once again that Europe's past is of all colors, from white to black. But if we speak of its unique contribution to world civilization, then in the context of our dialog we should above all mention freedom as the basic principle of interrelations between the individual and society, and as a consequence, between civilian society and the state. Naturally, the content of the concept "freedom" has changed. Marx and Engels were right when they said that freedom at the time the bourgeois system was forming primarily meant the freedom for private property and the freedom to exploit the hired proletariat. But even then there was more than this to the principle of freedom. It also meant spiritual and political freedom, initially limited or even potential freedom, and then real freedom as well. To Stalin and the Leviathan-state, the Moloch-state he created, it was specifically this fruit of European civilization-spiritual and political pluralism embodied in a ramified system of democratic institutions-that was especially hateful.

Orlov. Recognition of the fundamental value of democratic freedoms, glasnost, pluralism of opinions, restructuring of the political system, the course of creating a rule-of-law state—all this opens the way to reaching closer agreement on the understanding of the fundamental principles governing the organization of society. Here is a question that has occurred to me more than once in the course of our dialog; are we not becoming too deeply immersed in the distant past, in digging down to the foundations of civilization? How does all this square with the idea of the common European home?

Borko. In my estimation, it cannot be otherwise. Eastern and Western Europe are divided not only by state and bloc borders, not only by deep differences in social systems and ideology. They are also divided by the abyss of a lack of mutual understanding and mistrust. We must build bridges across it and ultimately fill it in. This cannot be done without a dialog on basic philosophical problems, on social organization.

Orley. The very logic of the common European home itself raises the dialog to this level. This is a new level of

civilization, if you will, that Europe can demonstrate to all mankind. This is in the future, perhaps not the very near future. But this indicates the horizon toward which we should move.

But the time has come to proceed from general ideas to realities. Is a common European home being built or is it just a lot of talk?

Borke. Progress was made in the construction of the common European home last year, even though we can thus far speak only about laying the foundation. The buildup of trust is clearly progressing and materializing in all manner of forms. The successful meeting in Vienna of representatives of countries participating in the Conference on Security and Cooperation in Europe was unquestionably the principal attainment last year. Such a thing would probably have been impossible just a couple of years ago. Add to that M. S. Gorbachev's trips during the year: Great Britain, the Federal Republic of Germany, France, Italy, meetings with Pope John Paul II, and finally with President Bush on Malta.

I would in turn like to ask you: have your assessments changed in the last year and in what way specifically?

Orler. My basic position regarding Europe's future has not changed. What is more, on a political plane the rapprochement process is even more intense than I had imagined. Tension in relations between the USSR and the Federal Republic of Germany has eased to a considerable degree. We have entered the phase of partnership relations and this cannot fail to affect the political atmosphere in Europe. But as regards our economic preparedness, there are many more problems here than we had supposed. We are agonizing over the philosophy of the market, we have become bogged down at the level of cooperatives in some places, and we have assessed their first awkward steps as the "evils of capitalism." Our political initiatives are disproportionate to our economic initiatives. Our legs are weighed down by a distribution economy that makes it difficult for us to move in the necessary direction.

But our political expectations were also unduly high. It seemed to us that all we had to d_0 was to declare our willingness to join the common European home and we would be welcomed with open arms.

Berke. I do not know about others, but it did not by any means seem to me that we would be immediately embraced. I think it unlikely that other Soviet specialists who know the real situation will give in to such illusions. Perhaps our foreign political propagande's old habit of telling our fellow citizens that the entire world is listening to what we say and begging us for our wisdom is at work. But now the tone in the Soviet "mass media" is set by a group of experienced journalists specializing in international affairs who reject the old stereotypes. Thus, we will not orient ourselves toward superficial authors or those who have a penchant for bowing.

I would nevertheless not categorically reject your fears, but I would formulate them differently; it is possible we have not so much exaggerated the idea of the "common European home" as we have underestimated the difficulty of finding both mutual understanding and practical solutions. Is this not the explanation for the partial caution and skepticism shown toward this idea by West European public opinion?

Orlov. But excuse me, there is not only skepticism. There is also willingness. It is demonstrated to the greatest degree (to be sure, in different way in different countries) by parties with the social democratic orientation. They are following the course of our perestroyka with interest and, I would say, somewhat heightened expectations on the correct assumption that the further democratization of our society will make it increasingly open and ready for social and democratic reforms, which in turn creates the prerequisite for the development of contacts in all manner of areas. Among parties in EC countries, social democrats and socialists most definitely maintain the idea of the common European home.

There are skeptics in all parties, but they are most numerous in conservative and liberal parties. One of the main arguments of the skeptics: the USSR is a great power with all the attendant consequences, concerns, and obligations. The sizes are too disproportionate. On the one hand, one-sixth of the globe, and on the other—Luxembourg, which is roughly the size of Moscow.

Borka. I would probably not say that there are any considerable differences between social democrats, conservatives, and liberals in the degree of skepticism regarding the common European home. Differences exist more likely at the level of political declarations of the leadership of these parties. But if we evaluate the public's positions in general, I would call the combination of support for the very idea of the common European home with open or hidden skepticism concerning its possible realization characteristic. But as regards the reasons for mistrust or at least cautiousness, I would also add one psychological factor of no little importance: stagnant thinking and the inertia of stable ideas and existing stereotypes. There is nothing unusual about this: conservatism inheres in every person to a certain degree. This is also manifested in the given instance. It takes time to understand what has happened so that the new impressions would crystallize into new concepts. It is for this very reason that I am opposed to any kind of euphoria concerning our own belated discoveries.

But naturally everything hinges on our perestroyka. In this connection, one would like to ask one more question: we are the authors of the idea of the "common European home," but does this mean that we are more ready to build it?

Orlov. We may be more ready psychologically, but from a practical standpoint, we are probably not. The institutions of the European Community could to a certain degree be the prototype of the common European mechanism that would crown the construction of the common European horne. But to date such mechanisms have not been created within the framework of the CEMA. What is more, the painful process of forming a truly democratic federation of peoples in which the rights and obligations of the union and the republics comprising it would be in a harmonious interrelationship has only just begun in our country. At the same time, the readiness of the peoples of Europe—both Western and Eastern—to draw closer together is obvious. This is both political and simply human readiness.

But let us return to a problem I have already touched upon—our economic readiness. Neighbors in a big house talk to one another until they speak a language that is intelligible to one another. Do we need a common economic (obviously, market) language? Or can we agree without this? I put this question to you as an economist.

Borko. In principle, foreign economic cooperation, be it trade or industrial cooperation, does not depend on the economic system of the competing countries. It is only necessary that they have the appropriate potential and that they be mutually interested in economic relations. In practice, however, everything looks different. The overcentralized directive economic system that was created in the Soviet Union and copied in other East European countries found itself in a state of deep crisis at the beginning of the '80s. This threatened economic cooperation between the West and Eastern Europe even on the scale that was reached in the '70s.

Orlov. How can we get out of this situation? As far as I understand it, we cannot catch up with Western Europe with our economy in its present state. But the common European home cannot be built without a stable economic foundation. Why not resort to something like the Marshall Plan even though this might sound degrading to us? After all, we are a great power!

Burke. After 'World War II, Western Europe had no choice but to accept the Marshall Plan, but even today it remembers the humiliation it had to endure. Thus national dignity is an important consideration. But this is not the only point. It is no secret that our economy is in a critical state. The age-old practice of wearing fig leaves lost all meaning after we broadcast the heated debates at congresses of USSR People's Deputies to the entire world.

But as regards something resembling the Marshall Plan, we have not as yet expressed such a desire and the West has not offered us anything of the sort. The problem is not what to call Western aid, but how to use it and the effect it will produce. The value of uninstalled imported equipment is presently in excess of \$5 billion and the losses from ill-conceived purchase and irrational use of even the imported equipment that has been put into operation are also calculated in the billions of dollars. We must take out new loans, but more important, we must borrow Western economic experience and its

methods of combining market mechanisms and state regulation and the theory and practice of modern management. The economic effect of this learning exceeds the cost of the loans many fold.

Orlow. Does it not seem to you that the very concept of the capitalist or socialist market is becoming outmoded? After all, the market is the market and its mechanisms are essentially the same in the West as they are in the East.

Borko. You have raised a question on which both our and Western economists have for a long time broken their lances. I therefore confine myself to the fact that differences between markets in West and East European countries will diminish in the future, but after all we have no market as such today. Fundamental differences between economic systems are still preserved. There is one more process that offers food for thought: I refer to the dramatic acceleration of social renewal processes in almost all East European countries and their uniqueness and varying rate. How will they affect the construction of the common European home?

Orlor. I think they will affect it in the most positive way. For all the specifics of the events in Berlin and Prague, Warsaw and Budapest, they all concern the same thing: the creation of real, not imaginary multiparty political systems in which each communist party, which was recently the ruling party, will have to win the right to leadership and not merely declare it in the constitution. But all this means that the views of Eastern and Western Europe concerning the character of the political system are becoming increasingly similar. This cannot fail to affect the most substantive problem in European relations: the problem of confidence which you have already discussed. In my opinion, the question today is how countries adhering to the one-party system will be drawn into this process. It sometimes seems to me that we are standing on the threshold of a grandiose phenomenon: all Europe is immersed in an atmosphere of political polyphonism. And it would be regrettable if there were dissonance in this process of increasing harmony.

I think we are approaching a time when there will be less and less justification to divide Europe into Eastern and Western Europe. We are at the beginning of a new road. But only at the beginning. But for now, all of us are disturbed by the realities of today. Among them: different rates of movement of Western and Eastern Europe and within each of these regions.

Berke. Indeed if within the framework of the European Community there is a "two-speed Europe" and if the differentiation process is beginning in the CEMA, how can this entire diversity of tempo be coordinated in general?

And after all, there is also NATO, which also has different speeds. We add to this the Warsaw Treaty Organization, the European Free Trade Association, and the group of neutral and nonaligned nations. Of course,

the situation is complex. It must be evaluated realistically. When a group of runners must finish at the same time, its speed is determined by the slowest runner. But the group is nevertheless moving. This is an elementary example, but the very rule of joint movement is universal.

I see the main problem to lie elsewhere: when we talk about such a complex process as the formation of a new type of international communities, we must not only agree on goals and principles, but must also create an effective mechanism for coordinating interests, for making and implementing political decisions. The experience of the EC, which is clearly making progress even though there is also a great difference in speeds in the EC, is the best argument today in favor of such a mechanism.

As regards the CEMA, it is still poorly adapted to participate in the construction of the common European home because it lacks real authority and its reform becomes increasingly problematical because of the already mentioned differentiation of member nations. The present situation in the CEMA was depicted with a directness that is uncustomary for our literature in M. Maksimova's article "Reflections on Perestroyka in the CEMA" (MEMO, No 4, 1989). There have been no fundamental changes since its publication and I can only agree with the assessments contained in it. Therefore, the variant in which each East European country will take part in the construction of the economic foundation of the common European home independently and the degree of its participation will be determined by the depth and rate of its internal reforms seems entirely probable. But I nevertheless believe that the CEMA will be reformed in one way or another. How and with what kind of structure, life will show.

Orlov. One more economic question: we will not merely take economic experience and technology from foreign countries, we ourselves must also offer something. But specifically what? Naturally besides raw materials. It doesn't take a great deal of intelligence to trade in hemp and lard.

Borko. We are also unable to export either homp or lard. And the profit from them is next to nothing. But we have another commodity—knowledge and scientific and technical potential—and we are making incredibly poor use of it. I am not even thinking about how we realize it in our own country, but how we export it, about the possibility of obtaining foreign currency or how we exchange it for Western technology; the possibility of scientific-technical and industrial cooperation. The lag of our basic and applied science is a very alarming phenomenon. This is a special topic. But we must make proper use of the considerable baggage of knowledge that we have at our disposal in our relations with the West.

Speaking of the future, we must make our industry more competitive. The selective approach is important here. We must not go off in too many different directions. I

have been struck more than once by the EC experience that, when including some new sphere of activity in the integration process, it has sometimes started with insignificant and even symbolic measures, and then gradually expanded and increased cooperation. There is a tested world practice: several branches and types of production that have promise for their export potential are singled out and special conditions are created for their accelerated development. World experience also shows the colossal receipts of foreign currency that are offered by the development of international tourism, and we here too are just beginning to develop the virgin lands. I am not speaking about such mutually advantageous forms of cooperation as joint ventures in our country and abroad, free economic zones in the Soviet Union, international commercial activity of Soviet banks, etc. In a word, there are possibilities. It is important only to remember that their realization requires a precise unified strategy, maximally concrete practical programs, and, not least, patience. I am very fond of the well-known wise sayingand it applies not only to the given instance: "Make haste slowly."

But has the time perhaps come to make the transition from the economic aspects of common European construction to other issues? For example, in Western Europe there is the widespread point of view that "unified Europe" will be a community of small and medium-size states capable of speaking as equals and of defending their interests in the dialog with both "superpowers"—the USA and the USSR. This point of view has found reflection in the formula "Europe from Brest to Brest." Is this formula compatible with the idea of the common European home?

Orlov. From the standpoint of the interests of small and medium-size European countries, the formula "Europe from Brest to Brest" is justified and attractive. But in such a case, the USSR is cut off from East European countries, to say nothing of the disruption of the mili-tary-political balance (NATO and the Warsaw Treaty Organization), which affects not only Europe, but the USA as well. Finally, the exclusion of Russia with its cultural traditions from such a Europe would impoverish the European idea itself. Fate with all its contradictions, recoils, and zigzags has brought us closer together not yesterday and not 100 years ago. The millennium of the introduction of Christianity in Russia, which we observed in 1988, was at the same time the millennium of access to European values, albeit initially in the Byzantine variant. Europe is not only a geographical concept, but means belonging to unified European civilization which could not be destroyed (even though it was greatly damaged) either by Hitler's fascism or Stalinism.

Borko. It is possible to look at this problem in a slightly different way. Two different approaches—political and historical-cultural—to the common European home are frequently confused in the debates about whether Europe should be "from Brest to Brest" or from the "Atlantic to the Urals." We often think in yesterday's concepts when we talk about tomorrow. Specialists using the customary geopolitical categories see a community of small and medium-size European countries (I classify the largest European countries among medium-size countries by world standards) as an independent participant in world politics capable of speaking as an equal to the two enormous powers, each of which is itself an entire world. If the European home is viewed as some kind of political structure that corresponds to the well-known principle of "European equilibrium," it must be admitted that there to a certain degree grounds for such a view. It has in particular been reflected in the concept recently advanced in the West of the "European village" consisting of two homes: the Soviet Union and the rest of Europe.

However I deem it contemporary and fitting to consider the common European home not in geopolitical categories, but in the broader context of the development of European and world civilization. From this point of view, the culture of Russia and the Soviet Union (at any rate, of the peoples inhabiting its European party) is integrally connected with the hhistory and culture of the rest of Europe. And hence the common European home is at any rate Europe from the Atlantic to the Urals.

Orlor. I seems to me that the construction of the common European home will be successful and solid if we consider all aspects: political, economic, historical-cultural, and economic. The skill of the architects and builders of the hon, will primarily consist therein. I permit myself to address the problem of our Eurasian origin in this regard. We cannot divide the country into two parts. It is a single organism. I also belisted that this situation will permit us to address the resolution of the age-old division into East and West where "never the twain shall meet."

In my view, Kipling's famous "West is West and East is East" contains a certain amount of "Eurocentrist" arrogance that has swelled excessively in modern times and of romantic filibuster. And yet European culture is rooted in Asia—through the Mediterranean of antiquity and through the "great migration" of ancient Germanic and Slavic tribes that belong to one or another family of Indo-European peoples. How can we not recall the Judaic and in general the eastern sources of Christianity or the later, powerful impact of Arab culture? This does not diminish the uniqueness of the fusion that came to be called European civilization, but we will not absolutize the oppositeness of East and West.

Frankly I see no problem in the fact that the USSR, as a participant in the common European home, is a Eurasian country. After all, the principal obstacle to Turkey's entry into the European Community is not that it is Asian, that its religion is Islam, but is rather that this country's political system differs from that of the Western countries. The creation of relations of trust that must dominate in the common European home depends not on geographical location and the ethnic makeup of

our country, but on the character of the social system that we have begun to create in our country.

Orlow. I agree with you that it is difficult to exaggerate the significance of the progress of our perestroyka. And in this regard I would once again like to address the topic of "trust." The candor with which our people's deputies discussed the country's urgent problems at the congresses and the openness with which all this was reported to the world convincingly show the direction of our movement. It turns out that socialism can develop only on an alternative basis, in the constant ferment of differing views and positions. I would even say more precisely that there is no real socialism without pluralism.

Borks. In this sense you are following Rosa Luxembourg, who at the very beginning of the revolution warned: socialism is the freedom to think differently. But I want to pose a broader question: the degree to which ideology can be a barrier or conversely a bridge to the common European home.

Orlow. The ideological barrier is indeed a hindrance. But ideology itself is not the point. After all, political parties in West European countries occupy different ideological positions but this does not prevent them from reaching a consensus. The obstacle arises when the ideology of an open society meets the ideology of a closed society that claims universality.

We continue by inertia to divide Europe into capitalist and socialist. The time has come to put an end to this. We have still not built the kind of socialism that was dreamed of as a society of high morality, humanism, total democracy, and culture. They came out of a dogeat-dog society, a society in which exploitation is the lot of the laboring masses, democracy serves only the ruling classes, and social justice is in an embryonic state. They have a society with a highly developed democracy and a high level of social protection, especially in those countries where organizations reflecting the interests of the laboring population have done a good job. It is important to see the trend: our striving to develop socialism's humanistic basis and their striving to shed the vices of capitalism lead to a single path of democratic humanistic development that matured in the minds of European thinkers of the past. The barricades of 1917 divided Europeans. Perestroyka, which began in 1985, gives them the chance to draw closer together again. We are finding a common language not only with the social democrats, with the greens, but also with the liberals and conservatives, because there is a common ground: the recognition of democracy and the social responsibility of society and the state.

Comparison reveals everything. Where is the level of social protection higher? Legal protection? Where does the working person receive higher remuneration for his labor? Finally, where are the standard of living and the quality of life higher? But after all these are key questions that affect the essence of society. To me it is most

important that the elimination of contrasting characteristics in the social order here and there creates the basis for drawing closer together and this is one of the prerequisites to building the common European home.

Having said this, I do not by any means lose sight of the fact that they have their own contradictions, their problems, their shortcomings. But these contradictions are in a different stage of development. They have resolved the food problem, for example, and are racking their brains over what to do with the surpluses. But permit me, in turn, to address another topic. You called attention to the fact that we have examined economic, social, cultural-spiritual, and ideological aspects of construction of the common European home, but that problems of a military-strategic character have been left to the side.

Borka. This may sound paradoxical, but I see great difficulties here and see almost no problems. The difficulty is that problems of military detente require careful preparation and circumspection. Following the road of disarmament, no side should feel less secure than it did before and than the other side. But how can this feeling be secured? Therein lies the basic complexity. The problem in itself is extremely clear Europe must reduce its military potential. The only probable exception is the question of the so-called independent "European defense" which is understood to mean the extension of the integration process within the framework of the EC to the military area.

Orler. And how do you evaluate this aspect of integration?

Borks. Judging by our press, it is a source of concern Honestly speaking. I do not see major grounds for this. First, because military integration strikes me as a matter of the very distant future. It is sufficient to mention that neither France nor Great Britain intend to renounce full sovereignty over their national nuclear potential. Second, if the counterproposals of NATO and Warsaw Treaty Organization countries on the reduction of conventional weapons are realized in the next decade, and the other forces are reorganized in accordance with defense doctrines, the problem of military integration will also lose the meaning that it has today.

Orley. Thus the principal barriers to the construction of the common European home are not military.

Borko. Yes, that is precisely what I think. The barriers are chiefly economic and ideological. I do not even venture to say which of these areas should be assigned first place.

Orlow. I would nevertheless put economics first. Of course the ideological bastions are very stable, but if they have rotted and are beginning to collapse, this usually happens quite quickly and sometimes acquires an explosive character. It is sufficient to recall the events of the last 2 months in the German Democratic Republic and Czechoslovakia. But a new economy originates much more slowly than new ideas.

Borks. You may be right. The depth and rate of change in the ideological sphere are evidently connected with more fundamental social processes that slowly evolve or develop with the rapidity of a landslide. Nevertheless we must not forget about ideological conservativism that is equally shared by a considerable segment of the top leadership and the masses during critical moments in history. Thinking in absolute, inflexible categories of "capitalism:" and "socialism" is still widespread. We are only now beginning to rethink them. I would say that in modifying 20th century civilization we still have to make the transition, figuratively speaking, from Ptolemy's system of coordinates to the Copernicus system.

Orlow. I agree, but with the condition that we not "ideologize" the new system too. Let us now dream a little and try to look ahead with regard to the difficulties you are talking about. If you were the principal director of the European scenario up to the year 2000, what real measures would you propose?

Borkn First and foremost, to promote the stable development of the restructuring of Soviet society in its key directions: radical economic reform and the creation of a democratic, rule-of-law state. Fate has decreed that the future of the world community for many decades to come will depend to a great if not decisive degree on the success or failure of perestroyka. At worst the future will not arrive at all. As regards other measures, they are presented in the communique of the Vienna meeting of representatives of countries participating in the Conference on Security and Cooperation in Europe adopted 19 January 1989. What is proposed in the communique will last to the year 2000 and much will go into the new millennium.

We have not yet addressed the time factor. What is the time estimate for the construction of the common European home? For the sake of comparison, I remind you that it has already taken almost 40 years to form a "unified Europe" within the framework of the EC (I start the count on 9 May 1950 when R. Schuman, France's minister of foreign affairs, made public the declaration on the creation of the European Coal and Steel Community, but even today this is an unfinished building. To be sure, the idea of the common European home does not contain such fai-reaching goals, but it is many times more difficult to transform its participants into a unified brigade of builders. Thus the process must be measured in decades.

Oriov. I agree with this scenario, but I think that we should also clarify the situation with respect to problems that are still received painfully in certain circles. I refer primarily to everything connected with the Yalta accords and to the so-called "Brezhnev doctrine."

I personally believe that the time has definitely come to speak out about "Yalta." While we have revealed the essence of Stalinism and Stalin's crimes before his own and other peoples, we have until recently left aside his foreign political activity. Some authors, who are forced to admit that Stalin was an expert at domestic policy, continue to depict him in the foreign policy area as a man with an olive branch in his hand who made the basic contribution to the defeat of Hitler's fascism. But the fact of the matter is that Stalin was the same in foreign policy as he was in domestic policy.

In the 20th century Europe felt the influence of the two greatest tyrants and criminals. Western leaders yielded to one tyrant at Munich and to another at Yalta. It is time to talk about this directly and openly. This will also be a contribution to the construction of the common European home because this will eliminate one more untruth and reveal one more black page in European history. It will not be easy to take such a step because it entails evaluating the postwar development of East European countries, but if we do not do so, it will be done by history scholars in East European countries. We must put an end to Stalinism in all senses. Europe must be purged of this filth.

Borko. I both agree and disagree with you. From the current standpoint of the new thinking. Yalta is undoubtedly imperial policy that must be honestly evaluated. But it is impossible to write history when we are guided only by modern criteria. Imperial policy was pursued not only by tyrants. But what of "Brittania, rule the waves?" Or the motto "Deutschland uber Alles," which was born long before Hitler? Or the American "big stick" policy? Or Munich in whose womb the Molotov-Ribbentrop pact was conceived? I am more impressed with the assessment of Yalta as born of imperial thinking in st guided all participants in the talk albeit to varying Aegrees. In my view, each of them acted according to the saying: "When in Rome, do as the Romans do."

It is also necessary to take into account the psychology of the victors who had just come back from the fields of the bloodiest, most uncompromising war. All emotions were whetted to the extreme—the bitterness of losses, the not yet attenuated rage of mortal combat, and the fervent desire to punish the vanquished aggressor. I repeat that this is not a justification for Yalta, but is rather a clarification of the historical circumstances surrounding the decisions that were made at that time.

As regards the "Brezhnev doctrine," everything is clear. It merely elevated to an ideological and political principle the repeated intervention of the USSR in the internal affairs of its allies. The recent declaration of leaders of five member nations of the Warsaw Treaty Organization, which officially stated for the first time that their military intervention in the internal affairs of Czechoslovakia in 1968 was a violation of the sovereign rights of an allied country and the basic principles of international relations essentially means the condemnation of that doctrine even though it is not mentioned as such.

Orlor. But after all, the "Brezhnev doctrine" was nothing other than the logical continuation of the imperial thinking that permeated "Yalta." With the aid of this

doctrine, we did not so much shield the East European region from external influence as keep a close watch to see to it that there were no processes there that did not conform to the views of socialism that formed during the Stalinist years. Budapest, Berlin, Prague—all are tragic pages from the corresponding lesson that was taught to the unruly in varying form.

I would very much like to think that they will remain in the past. In any case, this makes it possible to think about the development of modernization processes in Eastern Europe. Some 5-6 years ago, they would have been characterized as counterrevolution. We now take them into consideration even though any instability in any of our neighboring countries cannot fail to arouse alarm. The attempt to halt such processes, to interpret them in the old spirit would mean that the scenario of the common European home must be shelved.

And when in the report of a Plenum of the CPSU Central Committee devoted to the party's ethnic policy I encounter a comparison by one of its participants of those in our society who move along the road of socialist renewal and those who intend to "turn in the direction of capitalism and bourgeois democracy, to introduce private ownership into the economy and multiple parties into the political system," I catch myself thinking: such a contrastive and simplistic division throws us into a position of isolation in which we found ourselves for long years of Stalinism, the consequences of which we are reaping to this very day. If we slam the door on Europe, it will not be opened to us when we knock.

Borko. The democratization process in our country cannot fail to be painful and the statement made by you reflects the feelings of the part of society that is either not ready to update its philosophical positions or that consciously rejects such updating. But we will hope that the new thinking and common sense will triumph.

I would like to call your attention to the fact that the USSR Supreme Soviet, people's deputies, and leaders of the USSR foreign affairs ministry have several times expressed concern that the fulfillment of the most important part of the Vienna document of the Conference on Security and Cooperation in Europe relating to human rights may be slowed down because of the slow pace of the corresponding Soviet legislation. We will have to deliver a report on our progress in this area at the human rights conference to be held in Copenhagen in 1990. So it is that the construction of the common European home and the creation of a democratic state in our country are closely interconnected processes.

Orlov. Our dialog is coming to an end, but I have the feeling we have left something important unsaid. We should say more clearly that the Europe of "Yalta" has exhausted itself. The Europe of "Helsinki" is being born. Another approach, other blueprints. The spiritual and political pluralism that is the soul of Europe is gaining more and more momentum.

Borko. I believe that we have sufficiently clarified the new approaches to the construction of the common European home. At the same time, it is obvious that unless continuity is maintained, feverish imitation of construction can only harm matters once more. It is extremely important, and this has already been repeatedly emphasized that the process has developed within the framework of existing European structures which, if we proceed from the criterion of stability, require gradual transformation rather than destruction. Returning to the "blueprints" image, it can be said that the builders will have to look at both new and old ones. If it is true that all time presents the world with tribulations, mankind is now experiencing not only the burden of critical problems, but also great hopes. Thus, taking both of these points into account, more wisdom will be demanded of the work superintendents of the common European home than in the past.

Orlov. That is true. And their personnel—in the East and in the West—must in general expect that they will resort to mathematical formulas more frequently than to the elementary rules of the game of dominoes. And we wish ourselves, i. e., all Europeans, that the year 1990 will bring us to the next important point: Helsinki-2. Whatever the case, it is the year of the horse.

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MEMO'S QUESTIONNAIRE

Soviet Enterprises' Foreign Relations

904M0008F Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 1, Jan 90 pp 59-65

[Conclusion of article begun in No 11, 1989]

[Text] The MEMO editors' questionnaire was answered by: Igor Pavlovich Faminskiy, doctor of economic sciences; professor; director, All-Union Scientific Research Institute of Foreign Economic Relations, State Foreign Economic Commission, USSR Council of Ministers; and Ivan Sergeyevich Korolev, doctor of economic sciences; professor; deputy director, Institute of World Economics and International Relations, USSR Academy of Sciences.

Question. The foreign economic activity of enterprises, associations, and organizations is a most important component of radical economic reform. The December (1988) decree of the USSR Council of Ministers that addressed important problems in the organization of foreign economic relations and in increasing their effectiveness was called upon to intensify this activity. Under present conditions is it really possible for enterprises to fully exercise the rights they have won in the area of foreign economic relations? What objective and subjective constraints exist here? How do you evaluate the present role of branch ministries? What kind of changes must be made in

relations between enterprises, branch ministries, and central organs of management to make enterprises' foreign economic relations more effective both for themselves and for the national economy as a whole?

I. Faminskiy. In my opinion, the granting of all enterprises the right of independent access to the foreign market will not only promote the solution of concrete problems confronting our economy. I see something more in this, specifically an important means of combating monopolism in the nation.

As regards the actual entry of enterprises into the foreign market, the procedure is extremely simple: all enterprises have to do is to register with the USSR Ministry of Foreign Economic Relations or its local representatives. Following the commencement of the foreign economic reform in 1986, foreign trade firms were created at a number of large enterprises having the access to the foreign market. Naturally, such firms need not be created at every enterprise. They are obviously needed only where there is large foreign trade turnover.

However all enterprises have the opportunity to carry out operations through already existing foreign trade organizations: branch organizations under industrial ministries, all-union associations that remain in the Ministry of Foreign Economic Relations system, and through republic associations. Now there are also new foreign trade organizations, in particular, various kinds of foreign economic associations. The question of creating trade firms arises. Enterprises now have the possibility of choosing a trade intermediary that will offer them the best terms.

The experience of recent years, given the coexistence of branch foreign trade organizations and foreign trade firms of enterprises, shows that certain contradictions arise between them. Associations of ministries, most of which have been created on the basis of former associations belonging to the Ministry of Foreign Economic Relations, are trying to get their hands on all basic foreign trade operations of the branch, while foreign trade firms naturally want to take a more active part in the activity of their enterprises.

We should obviously modify the functions of branch foreign trade associations so that they serve the enterprises that do not have their own organizations and so that they also study the market, conduct marketing research, conduct price work and thereby assist all branch enterprises. At the same time, it is necessary to create conditions for expanding the foreign trade activity of large enterprises that are in a position to manage their own affairs in the foreign market, that can have their own foreign enterprises, etc. Their foreign trade firms can serve their own enterprises.

In the press in recent time, one can find pronouncements that the right of enterprises to enter the foreign market is restricted by the 7 March 1989 decree that introduced the licensing of foreign trade operations. But licensing is extended to a limited circle of goods (practically only to

exports of raw materials) and its introduction was in my opinion correct for two reasons. We should not expand the circle of organizations trading in raw materials since large sales or purchases of raw materials are economically more effective. What is more, under the present system of prices, individual enterprises or cooperatives in the nation can speculate on the difference between low internal wholesale prices on raw materials and significantly higher external prices. As regards exports of finished products, no manner of licenses are needed here.

The main obstacle to the expansion of exports of the finished product was obviously not state regulation but the fact that enterprises still could not freely dispose of their own products. Operative here are not only the state order [goszakaz], but also contracts on sales to internal customers that were frequently concluded under pressure from above. As a result, enterprises are left with virtually no products that could go into the world market. I think that this is the main problem today.

The fact that all types of products, including producer goods and especially machinery and equipment, are scarce in our country, are scarce in our country is a real limiting factor in increasing exports. I know of many instances where our enterprises could expand deliveries of their products to the world market and even to the developed capitalist countries, but they cannot do so because their products are scarce inside the nation and they are not allowed to increase their deliveries overseas.

I. Korolev. Before talking about the rights of enterprises in the foreign economic area, we must resolve the question of the role of foreign economic relations in the Soviet economy. The traditional role of these relations for us was that they enabled us to obtain scarce products or goods that we ourselves cannot produce. Exports are for us only the means of earning the currency we need for imports. As a rule, exports are quite burdensome to the nation as a whole, to the branch, to the individual enterprise. Unlike all other countries whose enterprises and firms are interested in selling to the world market, exports acquire a forced character for us. In some cases, we sell at any price, at any production costs just as long as we can obtain the foreign currency that we so urgently need. And this situation is not changing as yet.

One more negative phenomenon is seen with the entry of enterprises into the foreign market. Enterprises sell so that they themselves can buy abroad. Imports remain an end in itself, not within a national framework, but within the framework of the enterprise.

The fragmentary nature of our economy is intensified thereby. Industrial consumer goods (cars, refrigerators, television sets, petroleum products) in particular are frequently exported despite the fact that they are in extremely scarce supply in the internal market. Our enterprises produce goods under duress. They are forced to do so by their plan (state order), by their desire to

obtain needed scarce items in exchange for their products, etc. Foreign economic relations do not improve this situation. Until our enterprises are motivated to produce for the internal market, they will not learn how to work in the world market, and the effectiveness of foreign economic relations to the national economy will be low.

The 7 March 1989 decree of the USSR Council of Ministers, which provides for the licensing of a considerable part of the exports and imports, is evoking unfavorable criticism on the part of enterprises. But after all, licensing is a practice that exists in all countries, even including the most highly developed countries. I see the shortcomings of our system of state regulation of foreign economic relations to lie in the following. Many agencies (including the Ministry of the Petroleum Refining and Petrochemical Industry, Ministry of the Timber Industry, etc.), that are naturally guided not by national, but by branch interests are vested with the right to issue licenses within the framework of a certain product mix. Almost all licensing organizations engage in foreign trade and commercial activity themselves (or through associations subordinate to them). Such a combination of regulatory and commercial functions cannot be considered normal.

It is my view that branch ministries should be excluded from the regulation of foreign economic relations. This should be the exclusive function of the Ministry of Foreign Economic Relations. This is the order that has been adopted throughout the entire world and this is a natural condition to the combination of the interests of enterprises and the state. But this requires that the given ministry cease to engage in commercial activity and to be responsible for the export-import plan.

There is something else that is important. But in order to prevent miscalculations, it is necessary to have a sufficiently large and qualified apparatus of several hundred persons, each of which could correctly decide on the licensing of export-import operations at his level. This is also customary throughout the entire world because it is impossible to make provision in the law for all contingencies in foreign economic relations. But the most important point is that most decisions should be decided, not at the very top—by the USSR Council of Ministers, but by middle management.

Question. How in your view should the currency earned by enterprises be distributed between their own resources and centralized capital? Are the enterprises' rights to dispose of currency sufficient? Do enterprises need hard-currency deductions [valyutnyye otchisleniya]?

I. Faminskiy. In my view, hard-currency deductions are the most important incentive for enterprises to develop export activity. When they do not have substantial restrictions on the use of resources in rubles, when they can obtain credits quite freely, finding additional resources in rubles presents no problem to them. And at the same time, enterprises are frequently unable to purchase what they need for rubles in the internal

market. Therefore it is so important for enterprises to acquire currency, especially freely convertible currency. They can acquire the necessary equipment as well as goods for the work collective's needs.

The question of hard-currency deductions and of creating enterprise currency funds was decided in the August 1986 decree that launched the reform of foreign economic relations. The 2 December 1988 decree significantly expanded the rights of enterprises to create and use hard-currency deduction funds. While in the past enterprises received these funds only at the end of the calendar year, they new receive them immediately. What is more, while enterprises previously received practically no foreign currency and did not enjoy the right to use it, they are now entitled to keep real currency in their accounts and to draw interest on it from the Vneshekonombank [Foreign Economic Bank].

Enterprises can expend the available currency independently on the production-related and social needs of collectives. The 2 December 1988 authorized the use of part of hard-currency deductions in freely convertible currency (10 percent) for the purchase of consumer goods for work collectives. It was later decided in 1989 and 1990 that enterprises have the right to spend up to 25 percent of their earnings in freely convertible currency for these purposes. As regards currency in transferable rubles, there are no restrictions whatsoever and enterprises can use all of them for the needs of their collectives. Wholesale trade fairs are held to help enterprises with transferable rubles to purchase the goods they need.

The size of norms governing hard-currency deductions for enterprises is significant. They have been established for the current five-year plan, and it has been decided to leave them alone for the time being. What should these norms be in the next five-year plan? The main point here is that the norms should be established at a level that will ensure the foreign exchange cost recovery of enterprises. Now, unfortunately, a large part of the enterprises in branches—especially the machine building branches, of the manufacturing industry—cannot get by without centralized currency funds.

The hard-currency deduction norms are established for ministries. However it would be more correct to differentiate these norms not by branch but by commodity. Moreover, this should be done in such a way as to stimulate the production of finished goods, machinery, and equipment first of all. At the same time, it is probably incorrect that currency payment norms have not been established in general and that enterprises have practically no motivation to increase exports. These norms should also be established for raw materials since the extractive branches must also acquire equipment and goods for the stimulation of work collectives.

What is the nature of relations between enterprises and ministries from the standpoint of the use of earned currency? Under the present system, ministries may incorporate 10 percent of the hard-currency deductions in their funds. But in actual fact, some ministries take still more from the enterprises and there is frequently an objective basis for doing so. For example, in a number of chemical ministries there are enterprises that use imported equipment. Some of them, situated in the vicinity of frontiers, export products, while other enterprises of precisely the same type do not export simply because shipping in unfeasible. However, enterprises in both categories have an equal need for currency.

The question of distributing currency earnings between enterprises and the local authorities also arises. According to the 2 December 1988 decree, enterprises must contribute five percent of their currency earnings to the latter. However, one can also hear that this is not enough to solve local socioeconomic problems. In a number of cases, it might be feasible to raise this share. This applies to currency earnings from exports of not only finished products but of raw materials as well. To date, however, the regions where the raw materials are extracted, the regions that give us most of our currency earnings, receive virtually no payments in foreign currency. Perhaps we should also think about seeing to it that enterprises in the raw material branches transfer part of their currency earnings—something in the nature of a lease payment-to the local authorities.

The question of barter is connected with currency payments. Very many enterprises in our country would like to conduct relations with their foreign partners on a barter basis. But this means that the enterprise receives 100 percent currency earnings because it uses all earned currency to acquire goods from its partner. Barter is now allowed in border and coastal trade and in commodity exchange transactions of trade enterprises. In other cases, special authorization is required. It is evidently necessary to expand the respective rights of enterprises that have partnership relations with foreign enterprises on the basis of specialization and cooperation.

I. Korolev. The question of hard-currency deductions is in my view very debatable because on the one hand they create an interest in exports, while on the other they tend to isolate foreign economic relations from the national economy and to create something in the nature of export enclaves. The practice of hard-currency deductions exists only in socialist countries. Under the tight currency constraints that followed World War II, exporting enterprises in Western Europe and Japan surrendered all their currency from exports to the state. In our day, the developed countries carry out most of their exports in national currencies. The developing countries, where currency restrictions exist, usually surrender all their currency earnings.

In the Soviet economy, the system of hard-currency deductions discriminates more against the internal market than the external market. In my view, it is necessary to choose: either abandon hard-currency deductions altogether and stimulate exports through a lower exchange rate for the ruble, lower tax rates, etc., or

expand the system of internal transactions for foreign currency within the country so that enterprises, organizations, and collective farms that produce quality goods and services (from the standpoint of the world market) could be plugged into this system not only for export but for internal consumption as well.

It is essential to define the model of our inclusion in the world economy and the optimal combination of the policy of export orientation and import replacement [importozameshcheniye]. Given the impoverished position of the internal market, the forcing of exports at any price is hardly justified. Penetration of the world market entails substantial costs and takes a considerable time. With our enormous internal demand, the policy of import replacement may, especially in the period of transition, produce a certain economic return and raise the population's living standard. The national economy may become more export oriented as the internal market is saturated. This does not mean that we should not try to develop the export base now. But this must for the most part be preparatory work directed toward finding future export niches in the world market.

A certain increase in emphasis in the direction of import replacement requires change in the planning of the general rates and proportions of development of foreign economic relations and in the goals and methods of regulation of foreign economic activity of Soviet enterprises (in particular, the stimulation of import replacement).

Question. How do you relate to the idea of an internal currency market? What are its possible "pluses" and "minuses?"

I. Faminskiy. Very positively. Already in the near future we can create a currency market inside the nation through currency auctions at which enterprises will sell currency for the freely forming exchange rate. However under conditions where enterprises do not need rubles, a situation about which I have already spoken, there is as yet no one desiring to sell currency at auctions. The question therefore arises that currency from centralized funds should be spent on this.

At the present time, centralized currency funds are simply distributed between enterprises that bear no actual responsibility for the use of the currency (it is known that we have more than 4.6 billion rubles' worth of uninstalled equipment that was purchased for hard currency). It might therefore be more correct if enterprises obtained their currency at currency auctions. They would then unquestionably be used more effectively.

It is possible to create a real currency market with the aid of currency auctions. Of course, the exchange rate of foreign currency will initially be several times higher than the official rate. But with an increase in the quantity of the supply of currency, the exchange rate of the ruble will become more realistic. With the development of currency auctions in the future, it would be possible to

allow joint ventures that would enable them to address the question of foreign exchange cost recovery.

I. Korolev. In principle the expansion of the practice of conducting transactions in foreign currency within the nation (and such practice already exists on a limited scale) may be positive. With the aid of such operations, we will promote the development of the internal market. Many enterprises will be able to earn foreign currency by delivering goods to Soviet enterprises. The prices in foreign currency will be low and the demands on quality will be higher because the owner of the currency will be able to choose where to buy: from Soviet enterprises or from foreign countries.

From a technical standpoint, transactions could be carried out in special accounts in state and other Soviet banks in foreign currency or in foreign-exchange rubles. Such a system would have an advantage over the wellknown "Berezka" shops in that any organization, any enterprise producing competitive goods could earn currency in this way. Such a system would be a good school for our enterprises in the demands of commerce and of the market. The drawback of this currency market is that it undermines confidence in the ruble. Therefore if a decision is made on the broad development of the internal currency market, additional measures must be taken to normalize the situation in our monetary system. to take superfluous rubles out of circulation, and to monitor the emission of money, which in itself would be in keeping with the country's socioeconomic interests.

Question. What in your opinion should be the nature of state support for enterprises establishing direct foreign relations and the functions of central foreign economic organs? How do you evaluate the present state of advisory, informational, and intermediary activity in this area? What are the possibilities of tax, credit, and customs policy here?

I. Faminskiy. Unfortunately, aid of state organizations to enterprises entering the foreign market is as yet negligible. We have not established a system of information services for enterprises, nor do we have a truly organized advisory service. Enterprises have practically no information about the state of markets or about market prices. Information from the sizable foreign trade apparatus overseas (trade delegation) accumulates in the central agencies. There are occasional attempts to charge enterprises for the most elementary information.

The Chamber of Commerce and Industry has unfortunately still not organized advisory and information services for enterprises entering the world market. The attempt is made to fill this breach with cooperatives that charge fabulous prices for information that state organizations can and should provide entirely free of charge.

In audition to advisory and information services, it is necessary to create a system for stimulating the foreign economic activity of enterprises. Such a system, in addition to hard-currency deductions, should include measures to develop an export credit system. Something is already being done in this direction. However we do not have the same kind of credit system that exists in Western countries. We must create such a system that would make it possible for enterprises entering the external market to obtain immediate funds from banks for goods delivered for export.

The question of long-term credit is extremely argent. For the delivery of machinery and equipment, especially in the form of integrated systems, usually on the basis of long-term credit, enterprises receive money—especially hard currency—only after a long time. We must think about a credit system that would interest enterprises in supplying machinery and equipment to the foreign market.

The insuring of export credits is a special problem. In all developed countries, there are systems for insuring such credits and there are special organizations for this purpose. One of the oldest is in Great Britain: the export credit underwriting department. Export-import banks perform similar functions in the USA and Japan. We also need a system of insurance of export credits that would insure against various risks—economic, political, and other. Certain steps are being taken in this direction.

Regulation and stimulation of foreign economic activity must also be carried out with the aid of taxes. Unfortunately, however, we do not regulate the foreign economic activity of enterprises through taxes. This question can be resolved only when a system of tax regulation of enterprises is created in general.

Customs regulation must play a more active part. The level of our duties is extremely low and this system does not have a real impact on imports of various goods. New customs tariffs are now being developed, but they encounter such an obstacle as internal wholesale prices. In a number of cases, internal prices are extremely low compared with foreign trade prices. Therefore, in order to exert a serious impact on the purchase of goods in foreign countries, duties must be very significant. But the reaction of the world community will hardly be favorable if we fix duties at 200-300 percent, for example. It must be thought that the planned wholesale price reform will bring our internal prices closer to world prices and that we will then be able to establish duties that will exert a real influence on trade.

I. Koreley. State support for enterprises engaging in direct foreign economic relations require special attention. Such support has existed and continues to exist in all countries of the world. It is still more necessary under our conditions because Soviet enterprises are largely unacquainted with the external market. I would take the system existing in the Federal Republic of Germany as a model of state support in the area of foreign trade information. That country's federal foreign economic information service (which operates within the framework of the Ministry for Economics) has tens of qualified correspondents in practically all nations of the world, the FOREIGN TRADE HERALD (newspaper) is published

regularly (five times a week); manuals and surveys on individual countries and markets are periodically published; and information is furnished on the possibilities and requirements of the foreign trade market and firms in the Federal Republic of Germany.

As regards tax, credit and customs policy, we can also call upon world experience for the use of these levers in regulation in both internal and external economic activity. Tax breaks for exporters, credits at reduced rates, etc., are common practice. But the transfer of this experience directly to our conditions is relatively ineffective. This is primarily because we do not have the monetary mechanism proper and our enterprises frequently do not know what to do with the funds they already have in rubles. All market instruments—taxes, credit rates, customs duties—can be beneficial only if the country's monetary mechanism is functioning normally. Otherwise these levers lose their meaning.

Question. Now a few specific questions about joint ventures. Material-technical supply is now one of their most difficult problems. What are the possible avenues of solving them?

I. Faminskiy. Indeed, the problem of material-technical supply is one of the most difficult problems in the activity of joint ventures. It is now, possibly, not so acute because there are as yet few enterprises that use raw materials. But this problem will unquestionably become very acute when their number increases. It was initially planned that joint ventures would be supplied through foreign trade organizations. But it soon turned out that the latter were unable to supply joint ventures because they were assigned the plan target of developing exports and earning hard currency and not of serving the internal market.

All hopes are placed in the development of wholesale trade. However we do not actually have wholesale trade. There remains one path that is presently used by joint ventures: supply through the ministries under whose auspices the Soviet participants in a joint venture operate. And as long as these ventures are not so numerous, the ministries have assumed responsibility for supplying them with the necessary raw materials and supplies. It is obviously necessary to take into account the needs of joint ventures into in the process of compiling the material-technical supply plans of the various branches.

There is also another path where territorial material-technical supply organs take into account the needs of joint ventures and will accept orders for the raw materials and supplies they need. It will also probably be possible to secure the 100-percent guaranteed supply of joint venture on the condition that they participate in the fulfillment of the state order [goszakaz], naturally on a strictly voluntary basis.

I. Korolev. The material-technical supply of joint ventures, like the modification of our economy's system of material-technical supply in general, is a key question. It seems to me that one of the ways of solving it is to stimulate the creation of joint ventures and to attract foreign companies to our circulation sphere—wholesale trade, banking. At the same time, we must not impede (as is presently the case) but stimulate transactions in rubles with joint ventures and foreign companies operating in the USSR. Foreign enterprises will be able to obtain profits from the sale of products on Soviet territory, to reinvest profits in rubles in other enterprises (including those that are oriented toward export), and ultimately realize a profit in hard currency. At the same time, such investments in the circulation sphere would promote the development of the internal market in the USSR.

In my view, there is promise in the creation of large joint plants in the manufacturing industry, for example, an automotive plant with the Italian Fiat concern, a plant for manufacturing tools using Soviet diamond grit with the Swedish SKF concern, etc. This requires, inter alia, a reliable guarantee of material-technical supply of such enterprises, including special hard currency funds.

These costs will be recouped by our side. The effect of joint plants is incomparable with the surrogate of joint ventures (for the most part, intermediary) that have developed in our countries and especially with dubious projects in the area of petrochemistry:

Tobolsk, Nizhnevartovsk, Tengiz.

Question. What do you think about the present practice of resolving social issues in joint ventures? What difficulties exist here and how can they be surmounted?

- I. Faminskiy. I do not think that joint ventures have any particular difficulties in these areas. The 2 December 1988 decree entitled them to decide labor organization and wage questions themselves. The level of pay in existing joint ventures is higher than at ordinary Soviet enterprises. Joint ventures are permitted to have their own social development fund and therefore, since their income is quite high, they are able to create for their workers the necessary conditions by building housing, children's institutions, polyclinics, rest homes, etc. I think that if questions do arise, they will arise only in the beginning stage and that the joint ventures will be able to deal with all these questions.
- Korolev. The solution of joint ventures' social problems is a very complex question, the answer to which would take a great deal of space. The condition to solving these problems is giving all Soviet enterprises the same rights as joint ventures.

There is no other way. If Soviet enterprises do not have such rights, social difficulties are inevitable.

Question. As we know, foreign partners in joint ventures are usually primarily interested in gaining access to our internal market. We, on the other hand, subscribe to the principle of foreign exchange cost recovery, and essentially orient them primarily toward expanding exports. How serious is this contradiction? Are we not transforming joint ventures into export enclaves that are considerably more interested in ties with the external than with the internal market?

I. Faminskiy. I do not agree that we orient joint ventures toward the external market. The principle of foreign exchange cost recovery presupposes that joint ventures must have hard currency only for the transfer of part of the profits to foreign partners overseas and for the transfer of part of the wages of foreign specialists. If a joint venture does not resort to the significant imports of raw materials or parts from abroad, then a small quantity of hard currency will in general be required to resolve currency problems, i. e., to transfer part of the profits and part of the specialists' incomes. This figure may amount to only 10-15 percent of the gross income of joint ventures, and perhaps even less. The principle of foreign exchange cost recovery does not exclusively orient them toward export.

At the same time, I think that we should encourage joint ventures to enter the external market. If they work only for the internal market, under the conditions of general scarcity, the lowering of the quality of products produced by them is entirely possible.

Therefore, any part of it must necessarily be exported. But on the whole, it cannot be considered that joint ventures are to any degree oriented toward exports. They rather tend to be oriented toward the internal market.

The creation of joint venture zones also presupposes that the enterprises in these zones will work not for export, but primarily for the internal market. Only those of them that raise the degree of processing of raw materials delivered for export can be entirely oriented toward the external market. The hard currency earned by them may be used to defray the hard-currency expenditures of joint ventures or foreign enterprises on the zone that work for the internal market.

I. Korolev. I believe that the principle of foreign exchange cost recovery promotes the isolation of foreign economic relations from the entire national economy. We will be able to attract foreign capital to joint ventures only if we make it possible to bring the product to our internal market. This is what we ourselves are primarily interested in. But there is one problem here: our lack of hard currency for transferring profits abroad.

At the same time, the use of the old system for attracting credits, where we assume all the risk for their repayment is still more burdensome. Nor can we use credit transactions to eliminate our isolation from the world market. It seems to me that the question of attracting foreign capital needs serious correction. I see the solution to the question to lie in answering the fifth question, as I have already said.

If we stimulated transactions with foreign enterprises in rubles, if we stimulated the creation of joint ventures in the circulation sphere (wholesale trade, banking), we would thereby give foreign enterprises the possibility of solving for themselves the problem of realizing profit on the basis of their own initiative and their own risk. In this way, we would lighten the burden of our foreign indebtedness and join more intensively in world economic relations.

Such a path is preferable to the creation of free or special economic zones. The advantage of opening up the nation's entire market compared with enclave zones is that we give all Soviet enterprises and all regions the opportunity to borrow progressive knowhow, to gain access to technology with due regard to specific local conditions. To the foreign investor, access to the market is also much more preferable than investments in closed zones even if they are called free.

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PROBLEMS OF AN INTEGRATED WORLD

"Convergence" and Strategic Stability

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[Article by Aleksey Mikhaylovich Salmin, doctor of historical sciences; department head, USSR Academy of Sciences International Labor Movement Institute]

[Text] The topic proposed for roundtable discussion should probably be understood as "coexistence for integrity" and should naturally be accompanied by a question mark. In other words, is the present "coexistence" leading to what has for some time generally been referred to as the "convergence" of the two world systems? And is "convergence," if this word has any meaning, in turn leading to "one world": a world without wars, perhaps a world without serious conflicts, or even a world without state borders.

Let me say from the very beginning that "convergence" is a term that has always made me somewhat uneasy when it was applied to social systems. It is more or less clear what convergence means in biology from whence this term came into social science together with many others by virtue of the age-old penchant of the social sciences for biological illustrations. But could it not have come from medicine (toward which social science is also not indifferent, especially where social pathology is concerned): here it means focusing the eyes on the bridge of the nose!

As we know, biological convergence means likening the structure and/or function of two phylogenetically different organisms on the basis of similarities in their habitat. Dolphins and ichthyosaurs, pteranodons and bats, etc. The reference is essentially to the likening of individual organs or systems of organs where the most

"obvious" cases of convergence are connected with the outward similarity of representatives of the animal or plant world, i. e., similarity of what is most striking. It is possible and sometimes useful to talk of such convergence in regard to social systems as well. It is possible to find any number of examples of unexpected similarities in societies that are very distant from one another in a chronological and territorial sense. City-states of all times and peoples, but also all empires, etc., resemble one another to a greater or lesser degree. Financial systems, the organization of armies, monasteries, and various religious cults—all these and many others also have a certain natural minimum similarity. It is also easy to find instances of "striking" similarities that are each time the result of specific factors.

The two "world systems" are from the outset also similar in a large number of ways. We must have a very firm orientation toward their differentiation in value terms, toward the perception of their paths as diverging in the foreseeable future, in order to consistently ignore elements of similarity and attributing them—at best—to useless survivals. The natural reaction to such blindness or more precisely to such dazzling was to emphasize the derivative, random nature and brief historical duration of real and imagined differences between the systems. For long years, the half-worlds were frozen in the reciprocal rejection of one another even though they rejected one another in different ways.

The confrontation of the two systems, each of which is in its own way predisposed toward messianism, has in each of them been accompanied by the emergence of such structures in the area of administration, in military organizational development, and, to some degree, in the economy, which, if they have not copied the corresponding structures of the adversary, they have at least taken them into account. If we continue the chain of biological associations, this is not so much convergence as something resembling symbiosis involving the progressive adaptation of organisms that are are forced coexist to one another. It was specifically this kind of development that became the ground necessary for discussing "convergence" in the '60s. The possibility that was noted then concerning a certain degree of improvement in relations between the two military-political blocs and their political and economic "normalization" proved to be a sufficient ground.

Specifically the latter ground, that is sufficient so that convergence could change from a more or less useful category for analyzing world politics into a value and only therefore—into theory, is in my view not truly sufficient in a conceptual sense.

The fact of the matter is that the "convergence" of the two systems and the "normalization" of relations between them are not consecutive stages of the same process which is directed, as is sometimes assumed, toward the recreation of a "single world" in the sense indicated above. Nor are they complementary elements

of such harmonious development. Nor are even any of them synonymous with such development.

I think the stumbling-block lies in the abstractness and/or indistinctness of the concept "world systems" ("capitalist" and "socialist" systems, respectively). I will not go into the question of what the capitalist and socialist economic systems are. I will only say that no matter how they are defined, "world systems" are definitely something different that exists at another level of social existence and that performs other functions in the world politico-economic system. This is the first circumstance. The second and no less important circumstance is that the genesis of "world systems" and their function in the world community are different things even if the genesis is not exclusively connected to the realization of a certain formula of economic relations, but is regarded as a phenomenon on a broader—civilized—plane.

The "systems" that were discussed in the context of convergence are complex formations associated with one another in which ideology, economics, administration, and politics act in not entirely undifferentiated unity. Together, if you will, they even comprise a certain two-in-one whole that has structured not only "subsystems" that are opposed to one another, but to a considerable degree, the world community as well. The two "world systems" appeared to the world and ultimately to one another as well in the form of the two military-political blocs headed by the superpowers. And the crisis we are presently seeing is a crisis not simply of the abstract "world" or "socioeconomic" syustems, but is a crisis of systems in military-political blocs.

In the last 2-2.5 decades, the "bipolar conflict"—if it can be called this—model of interrelations of the two powers that are the leaders in a military and political respect and that compete ideologically in the "world cultural market" more and more obviously contradicts the character of world development. In the given instance I refer not so much to the buildup of arms to a level that is absurd from the standpoint of political goals and consequently to the growing awareness of this absurdity, which is frequently discussed in this regard, as to something else, specifically the shifting of centers of gravity in an economic and political, including military-political, respect.

Finally the absurdity of overarming has been obvious for quite a long time, but this has not prevented the participants in the so-called arms race from continuing it. Why this is so is a separate question that requires special examination. I would only like to emphasize here that a certain degree of controllability and the incomplete predictability of change in the correlation of forces in the face of rigid confrontation ("brinkmanship") that became a unique part of the logic of the model which is nevertheless oriented, it must be admitted, toward the maintenance of global stability under concrete conditions characterizing the first postwar decades.

The model was, of course, a conflict model, but a real large-scale conflict (of the type that might have occurred in the autumn of 1962) would be evidence of its failure. The concrete historical approach is specifically important here: from the late '40s to the early '60s, a certain element of indeterminacy in some measure balanced the two powers with equal responsibility, but with by no means equal military-strategic potential, that acted in the world arena as if in different measurements. And this same indeterminacy in this concrete situation helped to stabilize relations within the two blocs by reducing conflicts between their participants to a minimum. The main stabilizing function of the model was thus that it made it possible for blocs to "freeze" the natural conflict development of policy in "their" geopolitical regions and at the same time to influence the situation beyond their borders.

The situation begins to change with the very rapid "normalization" of the conflict model that showed dangerous unreliability in 1962. "Normalization" stabilizes relations between the two leading powers, but—the other side of the coin—weakens discipline within the blocs, provoking heresy and secessions. There was a spurt in the arms race under these conditions. It was specifically then that the two leading powers became superpowers, that did not have any great need for allies, with a surplus potentiall that was many fold, each of which was capable of opposing or destroying (!) not only any possible coalition but also the entire world.

As differences in real potentials decrease and there is increased awareness about one another's possibilities and intentions, in a word, as the situation becomes more predictable, it is symbolized by the idea of "guaranteed mutual destruction" and strategic parity that under the new conditions reflected the same, albeit modified, imperative of strategic stability in the face of the still indisputable dominance of the two leading military-political centers.

It was specifically military-political bipolarity, as it formed in the postwar period, that corresponded less and less to the character of the demographic, economic, and technical development of the modern world. The center of gravity on a demographic plane is shifting away from the sphere of traditional confrontation of the two systems. In 1950 32.9 percent and in 1983 24.8 percent of the world's entire population lived in the so-called developed countries (countries in the "center" and "semiperiphery" of world economic development). The expectation is that these same countries will be inhabited by only 21.4 percent of the planet's population by the year 2000 even though it is probable that the "semiperiphery" will be expanded somewhat on the basis of the new industrial countries. On an economic plane, the hegemony of the USA in its "own" zone is increasingly disputed, while the other bloc is entering the period of economic stagnation and crisis that is particularly deep in the USSR.

On the whole, the aggregate share of the USA, the USSR, the EC, and other developed capitalist and socialist

countries in the world GNP declined from 81.3 percent in 1960 to 72.2 percent in 1980. Finally, in the late '70s and early '80s technical progress, which also affected the armaments sphere, called into question the significance of traditional strategic arms, first, for maintaining stable military-strategic parity of the two leading powers; and second, for maintaining the indisputable dominance of these powers in the world in the past and perhaps of powers in the traditional sense in general.

While the nature of strategic arms of the future is as yet. unclear, nevertheless the destruction of the qualitative barrier between conventional and nuclear weapons on the one hand; between the narrow circle of great powers and the amorphous mass of various kinds of "forces"possibly not only state forces capable of claiming to solve strategic problems, on the other hand leads to unpredictable consequences. And this at a time when it was specifically the overaccumulation of nuclear arms that guarantees, as it is believed, collective self-destruction, in principle is capable of not only excluding its use but also of dispelling fear of it, as was the case with chemical and bacteriological weapons during the years of World War II, which did not prevent conventional military operations. Nor should it be forgotten that nuclear weapons are a kind of "gold reserve" of the countries possessing them, the dimensions are not the last factor in determining a country's weight in international relations-sometimes in opposition to other factors. The relative devaluation of this "reserve" will inevitably lead to serious changes in the structure of the world order.

The next brief period of destabilization of relations between the two superpowers in the late "70s and early '80s, which had both objective and subjective reasons, coincided with the general long-term destabilization of the system of relations between countries and groups of countries for a large number of parameters on a global scale. It was specifically under these conditions and against this background that the next "cold war" between the two leading military-political centers began to be perceived as especially dangerous.

The leading powers, inter alia, bear the heavy load of global obligations adopted in another sociocultural, economic, and military-political situation whereas the concrete situations to which the action of these obligations extend do not always correspond to it and occasionally develop according to "scenarios" not previously envisaged.

I relate this first of all to the region called the "third world" that is vast, that is growing in relative terms, and that is extraordinarily heterogeneous, but naturally not only to it. But if we confine ourselves to the Third World, we see the kind of insuperable difficulties that are encountered here by the international communist movement that has historically formed in its decisive features in another "semiperipheral" rather than a peripheral economic-cultural zone. But this is only one side or, if you will, one measurement of the problem. On the other hand or, more precisely, in another measurement, we

could see here in recent decades crisis and discreditation of the theory and practice of so-called "modernization," which is usually understood to mean the use of the socioeconomic and political structures of Third World countries corresponding to the structures of the Western countries that are most developed in a technical and economic sense. The economy and culture exist in different measurements: accelerated economic development has frequently meant more distant rather than closer cultural relations with the West.

The specifics of the concrete situation that existed in the '80s explain in particular why the problem of bringing order to relations between the two great powers was initially closely connected and even intertwined with the problem of regional conflicts. It is difficult to say how reliable the present stabilization formula will be: in any case it must be remembered that it presupposes the by no means complete and unchanging stability of the system of international and especially intranational relations on a global scale, as it is sometimes considered, but merely the injection of a totally necessary minimal element of stability in the key link of system of relations between countries, economic and political systems, and cultures that are changing with extraordinary rapidity in a number of parameters.

Under these conditions, relations are also naturally changing between "systems" in the narrow sense, i. e., between types of socioeconomic and ideological organizations. Detente made it possible for us to "legalize" processes that have developed for a long time in both communities, thereby in turn stimulating discussions of their convergence.

Two systems, each of which integrated the traditions of peoples included in them, formed and opposed one another just like two coexisting individuals, i. e., multidimensionally, with the entire aggregate of their particular features: civilizations, formations, naturally including the historical type of economic management and the level of development with respect to certain parameters, etc. However this confrontation has been recognized and cultivated by certain forces in both systems predominantly through the differentiation and development of types of property that initially became the social embodiment of the two ideological systems, the point of convergence of the ideological complex and the complex of social relations.

In my view, the main result of the quite prolonged development of property relations in the West was that private property there has practically lost the features of sovereignty that it inherited from feudal organization. It remained private but the right to it ceased to be sacred. It the East there was the gradual "defetishization" of state property which it appears was ultimately recognized even by the state itself. While this is not convergence based on the property parameter, it is in any case the weakening of divergence in a normative sense. Differences between societies are preserved with respect to this parameter and, naturally, for all the others as well,

but they lose a considerable share of their normativeness where this one is concerned. Of course the result is not the actual reduction of differences between various ethnic and regional communities that formed over the centuries, but is rather the devaluation of old interpretations of the distinctions, the disintegration of structures that supported, forced, and sublimated these distinctions in the spheres of ideology and real social relations, and the search for new outwardly entirely different structures that is accompanied by the reexamination of hierarchies of values and meanings of words, which increases instability in the medium term.

On the whole the world community is beginning to gravitate and even slowly and surely to "slip" toward the new structure of the hegemony, from which it of course does not follow that this hegemony invariably acquires traditional "mature" forms of domination of the group of stronger power powers over weaker powers ("imperialist hegemony") or conflict confrontation ("peaceful coexistence"). The question of the ability of the UN or another international organization with a "volume" comparable to the UN (150 participants), the Security Council (an order of magnitude smaller), or some other organization to become an independent power that would maintain or help to maintain international stability remains open. Specifically a power even if it is created as a joint-stock company that is democratically formed but sovereign in its actions, but not as a "forum"-not entirely effective, not a "world government" that is hardly realistic.

Under conditions when the "global superstructure," if one can express it thus, that formed in the first postwar years, is being transformed in answer to the challenges of the changing world, it becomes especially important to study the real economic, cultural, and social structure of the world as a whole. This does not mean such a "global" approach where tendencies in the development of individual parts would average out, abut is rather an organic approach that presupposes the analysis of the global system specifically as a system that is not equal to the sum of its components and that includes subsystems that possess their own "completeness."

The entire aggregate of relations existing between the "center," the motor of world technical-economic development, and the various systems-economic and statethat are to one degree or another placed in the position of overtakers and survivors, possibly ments attention first in this regard. Drawn into global interaction-economic. political, and cultural interaction in the narrow sense of the word-are various types of cultures that react in different ways to this interaction. The greater or lesser lack of coordination of development tendencies that are discovered at different levels and in different measurements of social organization and the unique disintegration of the organic, internally ordered development of national, regional, and cultural systems are a feature that practically all cultures whose economic systems are in the position of "overtakers" or "survivors." We can observe on the periphery of world technico-economic

development fundamentally chaotic relations between the economic, cultural, and political level, each of which evolves according to its own levels and laws that are entirely independent of others or that are outwardly even devoid of system.

The inevitable consequence of such a state of affairs is an organistic reaction, the striving to recreate the imaginary organic unity of evolution that has been lost by them and that is in turn manifested at different levels and in different forms.

Where there are firm, culturally rich traditionalist structures that subordinate different levels of cultural organization, including the ideological and political levels, to them, the period of their erosion (largely superficial) and a certain indeterminacy of development gives way to a period of internal consolidiation. This consolidation is by no means necessarily synonymous with stability. The powerful energy of national self-affirmation (especially ethnically homogeneous but culturally structured societies such as Japan or South Korea) is very effective in resolving the task of economic mobilization in the name of goals that are imposed by the dominant center. At the same time, the experience of Iran shows how consolidation can destabilize the situation in the entire region. The experience of Lebanon in turn demonstrates that consolidation in a pluralist (in the given instance, a society with a plurality of religions) society can result in internal destabilization of rare duration.

A different situation usually forms in societies or cultural regions where such structures do not exist or where they are initially uncoordinated. Thus in a number of Latin American societies where there is no stable synthesis of independent ethnic units similar to that of eastern singlereligion or even certain multiple-religion societies, and where there is no organic, centuries-old politico-cultural continuity of forms of power as in the West, "real forces"-the church, the army, various organizations, including labor organizations—are active in public life. It is not surprising that when the internal situation in the country deteriorates, the victor is usually the army or, more precisely, a coalition of different elements within individual types of armed forces and the organistic decision acquires the form of a more or less short-lived authoritarian regime that is replaced after a certain time by another authoritarian regime that is not necessarily a military regime.

Africa, where unique traditionalism is combined with unique authoritarianism, is a special case.

It must in general be admitted that tendencies usually regarded as leading to the "unity of the world" are equally stabilizing and destabilizing. They stabilize in certain respects and destabilize in others. Thus the transfer of the center of gravity of power to a high—transnational—level, as dictated by the logic of technico-economic and political development, is everywhere accompanied by the self-affirmation of the different ethnic and linguistic communities that comprise a

country. The energy of "generic" self-affirmation devoid of the armor of the national state seeks new avenues of self-expression.

It is possible to conceive a world without wars in the present understanding and with national boundaries, but it is also possible to imagine the absence of what we call national boundaries in combination, alas, with wars that acquire the character of partisan actions, urban guerilla warfare, etc. We too often overestimate the flexibility of human nature while on the other hand underestimating the astonishing flexibility of forms of social organization.

The real, changing economic and cultural structure of a community must unquestionably be taken into account in the study of its political development. Moreover, in the given instance we must not lose sight of one more circumstance. In the zone of tension between the mobile technico-economic "center" and the spiritually stagnant "periphery," not only are the most monstrous political forms born, but the "weakest links" in the world system are also found (and sometimes broken). It is entirely necessary to investigate the structure of this system when we study the genesis of socialist societies and the realization of utopias in general.

Utopia as an idea is a moral reaction (devoid of transcendant substantiation) to a society that has lost its religious imperative as a sociopolitical value and that has not been able to acquire its immanent "pivot." In harmony with the aspirations of all those who were more disoriented than disenfranchised in the narrow sense of the word, this ideology under certain conditions makes it possible to accumulate to a critical degree the energy of dissatisfaction that suppresses and destroys the "antibodies" (communal, religious, familial, moral, etc., relations) that impede the self-development of the state's totalitarian potential. Utopian ideology itself only helps to interpret and structure this self-development in a vacuum that is essentially an instinctive reaction of self-preservation of the social whole.

It is also necessary to clearly understand the patterns of socio-political development in the "zone of tension" under conditions in which the utopian ideal, which has now lost a considerable part of its popularity, can again acquire it in a certain stage and in certain situations, in particular, in the form of some ecological utopia.

Summing up all that has been said, the "integrity of the world," if we understand it not merely as the objective unity of *Homo sapiens* and not simply as the fact that the world is becoming smaller as a result of scientific-technical development and the growth of the volume of economic activity that has more quantitative than qualitative significance—nothing of today or tomorrow is given. It makes sense to speak of integrity primarily in the sense of the fundamental stability of the system of political relations and the system of economic relations directly connected with them, and such stability is a constant imperative just as the existing state originates

and is supported by no means by itself but as a result of attempts to realize utopian plans.

As regards the intensification of political, economic, and simply human contacts that are possible owing to today's means of communication, neither they, nor the transnational and international organizations called upon to secure them did not and evidently will not abolish utopianism, religious movements, ethnic self-affirmation, and perhaps even ethnogenesis. New or well-forgotten old ethnoses, new social classes, and new economic forces that give birth to the forces opposing them take the stage. New and possibly great opinions and illusions are emerging. The world has not become more integral, but it has become different. Its geopolitical map is changing for the first time since it was defined in general outline in the period between Versailles and Potsdam.

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Evolution and the Coexistence of the Two World Systems

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[Article by Vyacheslav Georgiyevich Igorev, publicist; expert on international informational-cultural intercourse]

[Text] The integrity of the world is primarily based on general regularities in the development of civilization that determine the transition of society from its primitive state to higher forms of organization. What are the most obvious, fundamental, and universal regularities that are seen throughout the entire chain of change of formations in mankind's evolution?

- 1. First of all, each new socioeconomic formation differs from the preceding formation by the higher degree of development of its productive forces.
- The transition from one formation to another is accompanied by the increased personal freedom of the producers of material and nonmaterial assets.
- 3. A certain continuity of development is observed throughout the entire history of mankind. The fundamental economic, social, cultural, and other attainments of the preceding epochs (stages, periods, formations) become the foundation for the further self-development of civilization in all areas of its life activity.

These regularities must also be theoretically operative during the postcapitalist transition. But if we depart from the actual, historically formed Stalinist model of socioeconomic and state organization, we must admit that it did not evolve to a higher level compared with the capitalist world. What is more, if we proceed from the

Marxist methodology of classifying formations, countries developing in accordance with this model were in all principal respects placed on a par with pre-bourgeois, neofeudal principles of organization of political and economic structures of society.

Before substantiating the thesis of the total lack of correspondence between socialist ideals and the qualitative features of scientific socialism and the reality of societies formed on the basis of the Stalinist model, I would particularly like to emphasize that the problem of the actual correlation of capitalism and socialism as they really, not theoretically, exist is not an abstract question, but is a fundamental point in understanding the fate of civilization, the modern world, and in particular, the entire complex of international relations.

Thus the experience of development of a number of countries that are classified as socialist attests to the fact that they have been unable to realize one of socialism's principal advantages over capitalism within the framework of the administrative-command system of management: to secure higher effectiveness of the productive forces. The mode of production that we sincerely deemed socialist and judging by everything prematurely called socialist has never in its historical life been able to secure higher effectiveness than that realized under capitalism. The reason for this was not wars, collectivization, repressions, starvation, and other tragedies, but the model itself and the system of economic, political, and social relations in society that are inexorably reproduced in one form or another as long as this model exists.

Nor did another universal regularity of mankind's evolution—the further liberation of the labor of producers of material and nonmaterial assets—surface under the conditions of the Stalinist administrative-command model of society. Under Stalin peasants and workers were re-enslaved and "coupled" to the means of production in a noneconomic way. The regime of absolutism was essentially restored. The actions of democratic forces in the German Democratic Republic, Czechoslovakia, Hungary, Poland, the USSR, and a number of other countries are specifically directed against this model.

The entry of these forces into the political arena would seem to be natural. It is occasioned by the objective necessity of making the transition from coercive forms of labor to emancipated forms based on personal interest, which constitutes one of the most important features in the formation of civilization.

Finally, we must not fail to call attention to a third factor underlying the disparity between scientific criteria and the real qualitative state of the given societies. We refer to the obvious disruption of continuity in the transformation of a "lower" formation into a "higher" form, particularly as regards the evolution of the productive forces and production relations. We see that the formation that supposedly "follows" capitalism proves to be incapable of securing the more rapid introduction of

scientific-technical attainments into production and everyday life. Working conditions, like the conditions of reproduction of labor power (leisure pursuits, health care, social insurance, etc.) in socialist countries are increasingly yielding to the conditions that exist in the industrially developed countries in the West. In the sphere of social relations, countries belonging to the "new" formation undeservedly rejected such attainments of civilization as freedom of association, freedom of speech and press, and free elections. Clearly defined, democratic procedures for their exercise that have been tested over the centuries were either cast off, deformed, or transformed into ostentatious caricatures. Only now are some socialist countries gradually returning to democracy, to general democratic principles of social life.

Naturally the Marxist-Leninist form stional approach to understanding should not be regard. I as the only possible, infallible approach. Examples: varivas theories by D. Bell, J. Galbraith, W. Rostow, H. Kaim, and other scholars concerning postindustrialism, A. Toffler's "third wave society," J. Gershuny's "information society," and many other philosophical conceptions.

However we will base our judgments on what is for us the more customary formational approach developed by the founders of scientific communism. When you compare their conceptions of the society that replaced capitalism with reality, you cannot fail to be surprised at the degree to which they distorted socialist ideals. The means of production are in the hands of the oligarchical nomenklatura, not the people. The principle "from each according to his abilities, to each according to his labor" is not working. Leveling reigns. The fact that social benefits are free has led to their degradation. A considerable part of the population is living below the poverty line. It is abandoned on the roadside of life. The boastfully proclaimed "advantages" of the planned economy over the market economy have turned into shortages, an unbalanced economy, humiliating queues, chronic boorishness in the service sphere, the flowering of an antiplan "shadow economy," etc.

Nor has the main ideal of socialism—the elimination of the exploitation of man—been achieved. To the contrary, there is the compulsory confiscation of the surplus product and sometimes part of the basic product as well. Producers are paid a certain monetary dole in return: subsistence minimum or less. How is this not a type of centralized corvee on a nation.

The activity of a type of inquisition—the political gendarmerie, thought police, other repressive organs, struggle against dissidents and heretics, and the struggle against dissent in general and organized dissent in particular-reached unprecedented scale. General surveillance, informing, the renunciation of convictions, and the denunciation of dissident relatives or close colleagues at work were encouraged. Their subjects were exposed to mass brainwashing. There were processions and public show trials (executions) of the regime's enemics. The myth of the monolithic unity of the people and its rulers was cultivated in every way. This list of strikingly similar features that are inherent in sociopolitical structures of feudal societies in the age of absolutism and societies of a neofeudal, Stalinist type could be continued on and on.

What bearing does what has been said above have on the integrity of the world and the coexistence of the two world systems? I think it has a most direct bearing. First of all, there is need for the conceptual rethinking of mamy views that have formed in our social science.

First, it is necessary to return to the positions of the objective economic laws governing the development of civilization: the law of value, the law of commodity-monetary relations, and the law of the market, which throughout the entire history of mankind have determined the essence of its development, but continue to be voluntaristically suppressed to one degree or another at the present time in countries with an administrative-command system of management and regulation of social relations. Otherwise there can be no discussion of the world-economic and humanistic integrity of the world-

Second. We must remove the fetters from the objectively natural trend toward emancipating the labor of producers once and for all. All historical experience shows that societies based on coercion sooner or later fail economicically and politically.

Third. The economic freedom of producers is inconceivable without their political freedom. The process of transition from autocratic to democratic societies can on the whole be reduced to the following basic points. Freely self-organizing associations of citizens possessing the full freedom to declare and disseminate their convictions compete with one another for the people's mandate to power through a universal democratic procedure that has been tested by centuries the general, equal, direct, and secret will regarding an unlimited alternative list of problems, programs, platforms, and candidates. This democratic mechanism can function at any level from the primary social or economic cell to larger associations-parties, nations, countries, communities of countries, etc., all the way to the society of earthlings. The activation of this democratic mechanism would mean the attainment of real, not abstract integrity of communities of rational and free beings in the organization of their economic and social life. Naturally, the necessary

element of this mechanism is respect for and guarantees of the rights of the minority.

It is specifically in the three fundamental points enumerated above that we see the primary basis for strengthening the integrity of the world and for securing the peaceful cohabitation of all manner of associations of people. These fundamental points contain prerequisites for resolving many "burning" problems of modern time, especially the problem of securing mankind's survival.

Indeed the association of free individuals through democratic mechanisms created by them will hardly pursue the policy of ecological insanity characteristic of autocracies and the policy of poisoning their habitat. We note that the most democratically developed countries are already making large-scale efforts to curtail activity that is harmful to nature.

Let us ask ourselves whether rational, self-governed life can transform itself into "cannon fodder" and send itself off to the slaughter. It would seem that wars between truly democratic regimes are fundamentally impossible because governments aspiring to war will be immediately replaced through democratic procedural mechanisms.

True democracies are not typified by predatory ambitions. This is why the danger of both civil and international wars will persist only as long as there are autocracies and until universal, democratic procedural mechanisms verified over the centuries for selecting avenues of development, for making decisions, for selecting and promoting persons empowered to govern society are activated on a global scale within the framework of national-state formations.

Another aspect. Is it possible to talk about the integrity of the world when some countries have a diversity of material and nonmaterial goods while they are meager, chronically scarce, and rationed in others? But is it possible to secure the "stable improvement of the well-being of the broad masses" without activating democratic mechanisms? Only the producers themselves and the people through real rather than sham democracy can secure the fulfillment of social programs, the creation of favorable conditions for production and creativity, and the just redistribution of material and nonmaterial goods. The enjoyment of undeserved privileges and unearned money is possible only in societies with total-itarian regimes.

Thus, regardless of the aspect of the integrity of the world we choose, it can be attained only by activating democratic mechanisms. In such a case the coexistence of different world systems ceases to be a "problem" as such because such a peaceful, unhostile, mutually respectful cohabitation of free individuals and their diverse, multivariant associations—especially national-state and international associations—will become the natural, organic state of self-developing "intelligent matter"—communities of thinking beings.

This is why, if we proceed from the above-cited ideas, obstacles to humanization and harmony in international cohabitation are primarily not in the area of foreign policy, but are rather in the internal policy of countries and systems of countries where both the objective economic laws governing the development of civilization and the historically inevitable processes of emancipation of the creative activity of the producers and the transition from the government of the people to the people's self-government are braked or deformed.

Of course it would be wrong to think that some ideal model of social organization is functioning in Western countries. Even in the democratically most developed countries attempts have been and are being made to brake mankind's movement in the direction of democracy and to establish one or another type of monopoly (economic, political, cultural-informational, etc.).

The desire to dominate on a worldwide scale is especially slarming in this regard. The intention of certain circles to gladden mankind with the "American world" (pax americana), for example, is not an invention of Soviet propaganda. It is essential that the integrity of the world be attained not on the basis of the forced hegemony of any one power center over all the rest of mankind, but that it be a natural and entirely voluntary state of cohabiting democratic regimes.

Thus the preservation of a multipolar, many-faced world is the guarantee of its healthy development and its integrity as a system of self-organizing rational life. A unipolar world—regardless of its philosophical hue—will inevitably promote stagnation and degradation.

The general evolution of mankind can be pictured as based on the competition of parts of the self-development process that comprise civilization. In this sense the existence of a competitive and democratic Soviet Union in the world as one of the (nonforcible!) poles of attraction, i. e., the organic "part" of the economic and democratic "whole" would be an unquestionable boon both for the Soviet people and for all mankind.

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IN THE USSR SUPREME SOVIET

Defense, State Security Committee Viewed 904M00081 Mascow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 1, Jan 90 pp 79-85

(Article by G. Sturua, sector chief, USSR Academy of Sciences World Economics and International Relations Institute, MIROVAYA EKONOMIKA I MEZHDUN-ARODNYYE OTNOSHENIYA accredited observer at the USSR Supreme Soviet: "The Committee on Questions of Defense and State Security: The First Months of Work"

[Text] There has never been a committee of this kind within the structure of the USSR Supreme Soviet in its entire history. It is very symptomatic that in the old wording of the Basic Law, the extremely scant list of powers of the USSR Supreme Soviet made no mention of the competence of the supreme organ of state power with regard to foreign policy and defense. I would not be an exaggeration to say that the activity of our state in the sphere of defense and state security has, in point of fact, turned not simply into a gigantic "zone above criticism" but into an enigmatic "terra incognita" for the whole of society. The excessive secrecy, the practice of taking account of predominantly departmental interests, the limited circle of people involved in working out even fundamental decisions, and accountability to just a few leading figures offered wide scope for active participation in the arms race, the squandering of national resources, ill-considered actions in the international arena, and repressions within the country.

The corresponding activity of the supreme echelon of the party and state bureaucracy was assigned a kind of sacral character, one which did not tolerate interference by the unordained.

The perestroyka which is under way and which presupposes the dismantling of the administrative command system and the formation of a rule-of-law state has directly posed the question of effecting a radical transformation—on the basis of the principle of the sovereignty of the people-of the mechanism by which decisions are made in the sphere of defense and state security. This would seem to be one of the most important among those practical measures for guaranteeing the irreversibility and stability of democratic reforms. Deputy A. A. Alekseyev, chairman of the Committee on Questions of Legislation, Legality, and Law and Order. has noted with absolute justification that one of the main functions of a parliamentary organ dealing with defense and security matters must lie in coordinating decisions in this sphere with the observance of human rights.

The amendments to the Constitution which came into force at the end of 1988 were evidence of the emergence of a new approach in the spirit of perestroyka: in particular, Article 113, Paragraph 13 states that the USSR Supreme Soviet determines basic measures in the sphere of defense and state security.

However, as we have all had occasion to be persuaded of the fact that the absence of a mechanism for implementing even a correct constitutional provision renders that provision no more than an empty declaration. The creation of a special organ of the USSR Supreme Soviet to examine the problems involved in guaranteeing external and internal security was a serious step in establishing such a mechanism.

The conception of a new structural subdivision of the USSR Supreme Soviet was probably being developed in its most general form in 1988. Articles began to appear in the periodical press in which authors proposed the organization of a parliamentary commissions on the Armed Forces, analogous to those which exist in the legislative assemblies. The authors of Soviet legislative reform concluded that the new parliamentary organ should be assigned a somewhat different character and endowed with a broader range of powers. Proceeding from the fact that the tasks of guaranteeing the country's defense capability and state security are closely bound to one another and that the Constitution links them in a single complex, it was considered expedient to transfer the curatorship of both areas to the competence of the future organ. It is evident that considerations of secrecy might also play a certain role—the aspiration to limit the circle of people admitted to strictly guarded state secrets to the members of this parliamentary subdivision alone.

The specific character of the examination of problems of defense and security and, first and foremost, the novelty of the organizational aspect of the matter all indicate that, at the initial stage, the transfer of both areas to one organ is an absolutely expedient move. At the same time, the volume of work generated by each of these areas may be so significant and, moreover, with the passing of time must be so significant that if we are really building a rule-of-law state it will be difficult and irrational for purely technical reasons to combine the examination of these two types of state activity under one "roof."

The idea of separating these two areas is also supported by some deputies, albeit for diverse reasons. For example, I. I. Gryazin, doctor of juridical sciences considers that since the concept of "state security" does not fit into a purely military and political framework it should be the concern, alongside the working organ on defense, of other committees of the Supreme Soviet, in particular of the Committee on Legislation, Legality, and Law and Order and the Committee on Glasnost and the Rights and Appeals of Citizens. It may well be expedient to create a separate Supreme Soviet committee on state security.

Marshal V.G. Kulikov arrives at the same conclusion from a quite different angle. In his opinion, the level of secrecy in the sphere of state security is much higher than that in the sphere of defense and it is therefore undesirable, as has already occurred, to increase the number of deputies who might be occupied with problems of guaranteeing state security in their entirety.

It is also not ruled out that with the passing of time life will cause us to think of rejecting the formation of a USSR Supreme Soviet committee and of creating corresponding committees of its chambers. Such a possibility is contained in the USSR Constitution. Proceeding from Article 116, which fixes the competence of each of the chambers, it may be concluded that since the Council of the Union examines questions of defense and state

security it should have organized a commission empowered to study them. At the same time it follows from Article 116, which establishes that each chamber may examine any questions relating to the conduct of the USSR Supreme Soviet, that in case of necessity, the Council of Nationalities may in theory also form a temporary or permanent commission engaged on the analysis of defense and security securities, as we can see from the course of perestroyka at the present stage of its development, the process of guaranteeing national equality and the interests of nations and nationalities, which relates primarily to the competence of the Council of Nationalities may, in principle, also affect the military and political sphere.

The provisions of the Constitution, our experience, and worldwide practice serve as a starting point for clarifying which specific tasks may already be included in the powers of he committee today.

Article 121, Paragraph 2 of the Constitution says that the chairman of the USSR Supreme Soviet reports to the Congress of USSR People's Deputies and to the Supreme Soviet, including reports on guaranteeing the defense capability and security of the country. It must evidently be assumed that the chairman will present a report in his capacity as head of the USSR Defense Council. The first report of this kind will be a major event in our internal and, indeed, our international life, and will raise the open discussion of questions of defense and security to a previously unprecedented level. The inclusion of legislative power on an equal basis in dialogue on these questions presupposes that, in the USSR Supreme Soviet, deep and competent positions will crystallize on military-political problems. A corresponding committee could also make its contribution to this process by studying the report presented and passing judgment on

The task of finding the optimum size of military expenditure is also closely bound up with this possible function. Thus the Committee on Questions of Defense and State Security, working jointly with other committees and commissions of the USSR Supreme Soviet, could present recommendations on the draft USSR State Budget and offer judgment as to whether its articles correspond to fundamental principles and planned measures in the sphere of defense and security. Strictly speaking, this should become the committee's most important task as a working organ of the USSR Supreme Soviet.

Like any other committee of the USSR Supreme Soviet, the Committee on Questions of Defense and State Security should, according to Article 123 of the USSR Constitution, participate in work on draft legislation and have the right of legislative initiative. For example, the committee's competence would evidently include the examination of draft laws on the state border, military service and the performance of military service, state and military crimes, and regulation of the activity of executive organs of state power in the sphere of defense

and state security. It may be assumed that the committee would carry out a large quantity of work in connection with the elaboration of plans for the conversion of the defense industry in our country.

A further function of the new committee which would reflect the nature of the soviet as executive organs of power might be that of promoting the implementation of laws and other decisions adopted by the Congress of USSR People's Deputies and the USSR Supreme Soviet and the implementation of surveillance and control over the activity of state organs and organizations. According to Article 123, the recommendations of the committee would be subject to obligatory examination by corresponding state organs and social organizations (the Ministry of Defense, the KGB, the Voluntary Society for Collaboration with the Army, Air Force, and Navy, and others). According to the Constitution, a report must be made on the results of such an examination and measure taken within periods of time established by the committee. By way of an example, the committee could examine the state of affairs in the defense industry, questions of using its capacity for the production of consumer goods, questions of pre-draft training and the development of a system of military education, and cases of violations of the normative regulations governing the internal daily routine in the Army and relations between military servicemen.

In accordance with Article 123, the committee is obliged to pass judgments on candidatures for the post of minister of defense and chairman of the KGB. It would also be reasonable to allow the USSR Supreme Soviet, when appointing the supreme command of the USSR Armed Forces, to turn to the committee for judgments on the proposed candidatures for these posts.

The committee might examine questions of declaring mobilization and a state of war in those cases where circumstances permit this and when it is considered necessary by the USSR Supreme Soviet, whose sphere of competence embraces these questions (Article 113, Paragraph 13). With regard to the use of contingents of the USSR Armed Forces within the framework of their fulfillment of treaty obligations it should probably be stipulated that this problem, as a rule, be subject to preliminary study at sessions of the committee. Provision should also be made for a procedure according to which the Committee on Questions of Defense and State Security would also study treaties imposing such obligations upon us.

Treaties of another type which could be discussed in this committee and on which it would pass judgment are treaties on disarmament. The question may arise as to whether or not separate discussion will be necessary in the Defense Committee if a similar discussion is to be conducted in the Committee on Internal Affairs. As progress is made toward disarmament the treaties being concluded will acquire an increasingly complicated character, a fact already confirmed by the INF Treaty. Evidently, there is no particular sense in overburdening

the Committee on International Affairs with obligations which do not form part of its direct functions by compelling it to give a skilled analysis of military-technical aspects of disarmament treaties and their conformity with the military and strategic interests of the country. The other committee would be quite capable of dealing with this, a committee which, by the nature of its activity, is more suited to making such an evaluation of the disarmament obligations being undertaken.

The committee on Questions of Defense and State Security was formed at the start of the first session of the USSR Supreme Soviet in the summer of 1989. Before recounting how the new committee set about its work, I would like to say a few words about foreign experience.

...

The U.S. Congress with its two Armed Services Committees is of prime interest here. These committees have to concern themselves with a military machine comparable in size to the one in our country. Implementing control, far from always approving the requests of military departments, and frequently adhering to positions which do not coincide in principle with those held by the executive they are the partners of that power in resolving the supreme task—that of increasing the return from every dollar spent on the needs of national security.

Much in the activity of our "Defense" Committee will inevitably differ from the activity of the congressional committees but there are three parameters on which they must be comparable-parameters which determine the efficiency with which such parliamentary formations work: the degree of access to information enjoyed by the executive power, the level of detail in which the defense budget is examined, and the quality of independent analytical backup. The time is not yet ripe for such a comparison—the USSR Supreme Soviet Committee is only just finding its feet. Therefore I will limit myself, due to lack of space among other things, just to selective "food for thought" about one of the armed forces committees of the American Congress-the Armed Forces Committee of the House of Representatives. I will note that it is not a chance selection. This House of Representatives committee has established good, businesslike relations with our own committee. An American delegation headed by committee Chairman L. Aspin was received in the Soviet Union by the Committee on Questions of Defense and State Security and had the opportunity to share its experiences. As far as I am aware, the members of our committee gave it their fixed attention.

The House of Representatives Armed Services Committee has existed in its present form since 1947, but since as far back as 1822 it had contained two committees engaged in the separate study of military and naval questions. The committee examines various draft laws and programs relating to defense, military aspects of the use of nuclear power, civil defense, intelligence, and

arms limitation. The committee's potential for influencing how defense policy is worked out grew when the powers of Congress were extended with regard to day-to-day allocations to various items of the military budget. The range of these powers increased comparatively recently, in spite of what accepted opinion suggests. As late as in 1963, for example, Congress obtained the right to confirm allocations to all scientific research and experimental design work of the Department of Defense.

The 52 members of the committee work in seven subcommittees, as follows: Research and Development,
Seapower and Strategic and Critical Materials, Procurement and Military Nuclear Systems, Readiness, Military
Installations and Facilities, Personnel, and Investigations. In view of the fact that the Senate Armed Services
Committee has its own specializations I will also enumerate its six subcommittees: Strategic Forces and
Nuclear Deterrence, Conventional Forces and Allied
Defense, Projection Forces and Regional Stability,
Defense Industry and Technology, Personnel, and
Readiness, Sustainability, and Support. Working groups
on individual problems have also been formed in both
committees and their subcommittees.

Figures for 1987 offer an example of the intensity of the committee's work. There were 230 sessions and briefings of which 16 were sessions of the entire committee, that is to say that the bulk of the work was conducted in subcommittees and working groups. In March 1987, the working group on defense policy organized a series of hearings to elucidate the political and strategic context in which the military budget would be determined. The hearings were intended to produce answers to the following questions: What are the goals of the national security policy of the United States? What forces are necessary to attain them? Does the United States have such forces? If not, what does it lack? What is being undertaken to eliminate these shortcomings in the current budget and what is planned for the next five years? Other themes such as drug addiction among military servicemen and the hiring of women in the Armed Forces did not escape the committee's attention either. they examined the reasons behind the destruction of the frigate "Stark" in the Persian Gulf.

Hearings in the committee and the subcommittees are open to the public and the press, with the exception of those cases in which it is decided by a vote that they should be closed in order to protect national security. The results of nominal voting in the committee and the subcommittees are open to the public. Those who are invited to speak in the committee must submit the text of their report 48 hours in advance (24 hours if it contains secret information) and must expound only its basic theses in oral form. A further aspect of procedure which might be singled out is the fact that every member of the committee has the right to attach his or her own particular opinion on one question or another to the final report.

The work of the committee is backed up by about 50 experts and some 30 technical workers, and this does not take into account the fact that every member of the House of Representatives has his own staff of between 7 and 20 people. The system of gathering information makes provision for sending delegations of committee members to various countries (in 1987, 5 delegations visited 15 countries) and for receiving foreign delegations (a total of 9 in 1987.

Even the few facts cited confirm that the House of Representatives Armed Services Committee is a well tuned, lavishly financed, deeply informed, and authoritative legislative and oversight organ.

When the first session of the USSR Supreme Soviet was determining the composition of its committees and commissions it emerged that the greatest number of applications was submitted for membership on the Committee on Questions of Defense and State Security. It ultimately comprised 43 members, including 21 members of the USSR Supreme Soviet and deputies from 11 republics (mostly from the Russian Socialist Federated Soviet Republic [RSFSR]—a total of 25, counting 9 deputies from social organizations resident on its territory; Armenia, Georgia, Kirghizia, and Turkmenia do not have a single representative on the committee) and from 7 social organizations (13 deputies, of whom 6 are members of the CPSU). The members of the committee actude first secretaries of oblast party committees [obkoms], chairmen of republic KGB organizations, general designers, general directors, metalworkers, academicians, and a writer. It is only to be regretted that no place was found for a single economist or jurist.

V. I. Lapygin, general designer and director of a scientific production association, was elected chairman of the committee. V. N. Ochirov, a people's deputy and commander of an air force regiment, became his deputy. The committee has three subcommittees, as follows: the subcommittee on the Armed Forces, headed by Ye. P. Velikhov, vice-president of the USSR Academy of Sciences; the Subcommittee on the Defense Industry, headed by M. P. Simonov, people's deputy and general designer at the P. O. Sukhoy machine building plant; and the Subcommittee on State Security, headed by G. P. Kharchenko, first secretary of the Zaporozhye obkom of the Communist Party of the Ukraine.

Inside and outside the walls of the USSR Supreme Soviet the opinion has been voiced that the committee is dominated by representatives of the "Soviet military-industrial complex." Given the very conventional character of this term as applied to our realities there are, undoubtedly, formal grounds for this conclusion. It is not difficult to calculate that up to 90 percent of the committee's members are professionally connected, in one way or another, with the "Soviet military-industrial complex." Is there a conflict of interests here? To what

extent may this affect the committee's abilities to fulfill its obligations efficiently, as the critics suggest?

In answering these questions V. I. Shabanov, member of the committee and deputy minister of defense responsible for armaments, shared his thoughts with us. Inasmuch as the committee needs feedback from the organs of executive power in charge of defense and state security, their representation on the committee is justified. We must take account of the full complexity of the questions which constitute the committee's sphere of competence and their importance for the vital functioning of the state. Even given its present composition it is evident that many members will need time to become familiar with the problems involved. The opinion is current that the military are supposedly interested in a large military budget for their own mercenary ends. This is an error. The most important thing for us is to provide reliable defense, remembering as we do so the errors which have been made in the past and remaining soberly aware of the fact that, in the same way as before, we are confronted with impressive military power.

Two positions-where is the truth? It can hardly be found in a purely speculative fashion. In the future, the results of the work of the "Defense" Committee will bring us to an optimal formula for selecting its composition. For the time being, the committee's greatest difficulty perhaps lies in the fact that its members, who hold responsible posts, are also so burdened by work over and above their obligations as deputies. It must also be stressed that the imposing figure of 90 percent was produced purely mechanically and that it should not be used to judge the qualitative characteristics of the committee. The political face of people's deputies is in no way determined by their profession or their post, but rather by their civic stance in the era of perestroyka. In this sense it is very indicative that some military members of the committee make up an interregional group which adheres to radical views.

We must be realists: a parliamentary committee which has just obtained access to the "holy of holies" of executive power for the first time could not have any other composition today. I believe that in this case it is the fact of access itself which is remarkable.. Departments which have expended a great deal of energy and resources on maintaining a dense curtain of secrecy around their activity cannot liberate themselves from entrenched stereotypes and habits in a matter of a moment. This will be facilitated by the establishment of trust toward their "opposites" in the Supreme Soviet. I am prepared to express what may be a contentious thought, namely that the presence of a certain amount of healthy conservatism is a guarantee that the "Defense" Committee will function successfully in the structure of state power.

Finally, we must not fail to mention the particularities of the external situation in which the committee will work. The Soviet Union is already involved in the process of unilaterally eliminating the "excesses" of military power and it is evident that, in the near future, it will conclude agreements on even deeper bilateral reductions. In short, bold and far-reaching decisions have been made in the military sphere—unlike the economic one—and they are being implemented.

At the first stage of the committee's existence, the military sector was given priority. At a series of briefings Army General M.A. Moiseyev, chief of the general staff; Marshal S. F. Akhromeyev, adviser to the chairman of the Presidium of the USSR Supreme Soviet; and leaders of the Ministry of Defense made speeches which familiarized the members of the committee with official evaluations of the military-strategic situation and with the views of the Soviet command on ways of developing the Armed Forces. One would like to hope that in the future, alongside the regularly conducted closed briefings of military leaders, we will also open reports full of information on a daily basis, as in the case, in particular, in the United States and the other countries of NATO. As far as I am aware, the members of the committee also expect the same from the Ministry of Defense and the General Staff.

During three weeks of October 1989, the committee's working groups undertook a clause-by-clause analysis of the apportionments [postateynyye raskladki] of the draft Soviet defense budget. It must be admitted that very little time was available for such a serious matter. However, other committees and commissions of the USSR Supreme Soviet had a good deal of time at their disposal when discussing the draft state budget proposed by the government. (By way of information: examination of the federal budget by the U. S. Congress sometimes drags on for a period of up to 10 months). The study of the size of military expenditure and of budget priorities has been of a general nature, a factor facilitated by the lack of detail in available figures. Members of the committee are suggesting quite reasonably that they must be in a position equal to that of foreign parliamentarians, not only confirming allocations as a whole, for military purchases, for example, but for each armaments program in isolation.

In the existing circumstances, when elaborating recommendations on the budget, the committee has devoted the greatest attention not to military but to social problems. (The committee's program has assigned prominence to the problem of the social protection of military servicemen). As V. L. Lapygin, the chairman of the committee, noted, the standard of living of military servicemen "is approaching the poverty line." Indeed, an intolerable situation has developed in which people who are in control of threatening weapons may, together with their families, inhabit a hostel for years and earn less than the driver of a trolleybus, it is precisely shortsighted social policy, and by no means the critical statements of the press, of which there are not that many on the whole, which have led to a decline in the prestige of the military profession. Having approved a military budget of R70.9 billion, the committee recommended that within that amount an additional R1.2 billion should be found for improving the material living conditions of officers, first and foremost of those who are poorly paid. This proposal met with approval in the Ministry of Defense.

The committee's ideology, which is now taking shape, shows a clear understanding of the need to organize open hearings. Hearings conducted on two themes at the time of preparing this article—the second half of October—deserve an encouraging evaluation: these were hearings on plans for the conversion of the defense industry (this was reported by V. I. Smyslov, deputy chairman of the USSR State Planning Committee) and on the USSR KGB Border Troops (accounts were given by V. A. Kryuchkov, chairman of the KGB, and Lieutenant General V. A. Matrosov, commander-in-chief of the Border Troops). They were quite informative.

However, it is evident that the committee is only just beginning to discover the potential of an instruments such as hearings in general and open hearings in particular. The place where they are held makes its mark on them: a diplomatic foyer, the oblong hall decorated with unexpressive landscapes in the Great Kremlin Palace. It seems that a more businesslike location would also have created a somewhat different psychological atmosphere, not to mention the fact that it might have been more suited to the use of audiovisual technology. At the same time, open hearings are not completely open: neither representatives of the foreign press nor, more importantly, ordinary voters may attend, and for the latter the sessions of the USSR Supreme Soviet are also closed. It is probable that these limitations, which are to a certain extent compulsory, are now promoting fuller "selfdetermination" in the work of the committee. Other justifying factors can also be found. At the same time, there are no trifles in parliamentary procedures—even small things influence the essence of the matter. In the future we must consider how these limitations might be removed without this being detrimental to our work. For the sake of fairness it must be added in spite of all the difficulties involved in the process of gearing up the voting process in our parliament, the committee plans to start publishing the proceedings of the hearings.

Maximum openness in the work of the committee is not a case of paying tribute to fashion or of curtsying to the Soviet and foreign public. It creates yet another guarantee of the irreversibility of the movement toward a rule-of-law state. Openness will arm the committee with the necessary authority and compel powerful departments to take account of its opinion, departments whose extreme and utterly groundless secrecy removes them de facto from effective control. What really constitutes a state secret and how far the regime of secrecy should extend are issues of principle and it seems that their rapid study should be included on the agenda of the "Defense" Committee.

Other aspects of the procedure for conducting hearings are also being refined. So far they have been reminiscent of a lecture with questions and answers, and not of a

thorough examination of a problem in accordance with previously agreed strategy and tactics. There is an explanation of a general nature for this, one which the members of the Supreme Soviet have spoken of themselves on more than one occasion—they are only just ridding themselves of the role of supplicant with regard to executive power. The informational and analytical backup available is inadequate for the tasks faced by the committee and this is an obstacle to in-depth examination of the theme under discussion at open hearings and, indeed, in the course of closed ones.

In putting forward their programs, drafts, and legislative initiatives departments enlist the services of a large number of excellent specialists, who draw upon genuinely limitless sources of information. Critical evaluation of the activity of departments does not require such a vast army of experts but there is a need for quite a large group of associates-tens of people-preparing material for the committee and providing its members with all the information they need. Departments usually avoid alternatives in their elaborations; the associates of the committee should therefore present the deputies with an analysis of diverse variants for accomplishing a task and express these variants in terms of cost. (I liked the idea of V. L. Lapygin, the chairman of the committee, who proposed calculating the economic efficiency of the way in which state security is guaranteed). For example, the use of border troops to protect coastal economic zones is of great benefit to the national economy.

For the immediate future the committee can count upon the assistance of less than 10 associates, that is to say that the committee will be served by as many specialists as are attached to one member of the House of Representatives in the United States. What is more, the committee is in a special situation in comparison with other parliamentary committees and commissions, since the character of security problems limits the circle of people who might be approached for assistance on a non-permanent staff basis.

The committee's computer equipment also leaves something to be desired. A single computer and, besides, one which is not connected to various data bases, will not change things. Today, letters from voters are being stored in its memory, and I have been told that they contain businesslike proposals.

Reality is such that the Committee on Questions of Defense and State Security must overcome many organizational difficulties before it will have the freedom to operate on a broad scale. Meanwhile, the committee has far-reaching plans. Deputy Ye. P. Velikhov believes that the committee must come to grips with doctrinal questions, and determine what kind of armed forces we need and what kind of allocations are required to maintain them in a state of combat readiness. Defense expenditure is to decrease very shortly to \$60 billion [figure as published], and for that reason we must determine precisely where the cuts are to be made. One of the most active members of the Committee, deputy V. S.

Podziruk, sees potential for reduction in the elimination of those elements of the Armed Forces which do not guarantee their combat readiness (intermediate command and control echelons, sporting companies [sportroty], and so forth). Deputy V. M. Shabanov feels that a reduction in the number of specific types of arms [tipazhnost vooruzheniy] will also produce great economy of resources. From the point of view of Deputy N. D. Tutov, it will be expedient in connection with this to correct the present situation in which several design bureaus, sometimes as many as six, are engaged in the creation of one type of combat hardware.

Increasing the pace of its work is a more complicated matter for the Committee on Questions of Defense and State Security than it is for other working organs of the USSR Supreme Soviet. The success of its activity depends upon democratization and upon the political climate in the country to a greater extent than perhaps it does with regard to any other committee. Bearing all of this in mind I would like to conclude this review of the "Defense" Committee's first steps by saying that they instill a feeling of cautious optimism.

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POLEMICS

Pros and Cons of Professional Army Weighed 904M0008J Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 1, Jan 90 pp 105-108

[Article by Vladimir Vasilyevich Serebryannikov, It gen avn; doctor of philosophical sciences; professor: "What Kind of Military Power is Needed?"]

[Text] "Military power: how much, what kind, for what purpose?"—the discussion of these questions which formed the title of S. Blagovolin's article (MEMO, No 8, 1989) is acquiring broad scope, thereby attesting to the beginning of the democratization process and glasnost in our country's military policy and military organizational development and presaging profound changes in it in keeping with the new political thinking and realities of the end of the twentieth century.

The questions raised in the article evoke extraordinary responses that shed light on new phenomena and trends in the development of the world situation and West-East relations and that lead to new views of the country's defensive power.

While sharing the direction of S. Blagovolin's ideas and while realizing that they are largely hypothetical and require verification and substantiation—which is the important role of scientific discussion—I deem it necessary to make a number of points.

The quantitative and qualitative parameters of necessary (rational) defensive power are determined by the international situation, by real threats, by the task of preventing war and decisively repelling aggression if its arises and of maintaining relative parity (a country's size, the situation on its borders, the status of allies, etc.), by the fulfillment of obligations to allies and other international commitments.

It is therefore logical that S. Blagovolin begins specifically with the examination of the general international situation. In his analysis and evaluation of the situation, he focuses attention on new points that were not previously addressed: the disappearance of certain factors that generated aggressive wars (for example, the directly proportional dependence of society's standard of living on "living space"; the availability of own sources of raw materials and energy; the absence of the "potentiality" and "motivation" in West and East for war against one another, the impossibility of such a war as a "deliberate act." Assuming that these factors attest to the beginning of a 10-15 year "period of guaranteed military security for us, the article's author draws a conclusion concerning the fundamental causes of wars under modern conditions: "...in no developed country is there any kind of firm social base for aggressive actions against the USSR or in general for the implementation of such a policy that could lead to a big war. The logical conclusion is that our defensive might substantially exceeds the real needs.

It is good that we have ceased to look at world affairs through blinders, to recklessly repeat and comment on simplistic views of the country's status as a beleaguered fortress, on the "steady growth of military aggressiveness of reactionary imperialist circles," the impossibility of overcoming military confrontation between West and East, the building of an unarmed and secure world before the disappearance of imperialism, the speedy demise of capitalism—virtually at the beginning of the 20th [?] century, etc.

Capitalism proved to be more viable than some theorists thought. It is now possible to put an end to wars and militarism even while capitalism still exists. This is because of regularities in the integral and interdependent world, the growing power of peace movements, the suicidal danger of a major war and the impossibility of attaining any political goals through a major war, and the instinct of self-preservation that makes "live and let live" the only road to survival. Their growing power is confirmed by positive changes in the world: the beginning of the new phase of detente in East-West relations, the absence of the direct threat of a military attack, the beginning of arms reduction, the attenuation of regional conflicts, the dialog between the leaders of the armed forces of the USSR and USA, the Warsaw Treaty Organization and NATO, etc.

While agreeing with the characterization of positive developments in the world situation and with a number of S. Blagovolin's conclusions, I would like to emphasize that in the assessment of military-political processes it is

important to neither exaggerate nor downplay real threats because in both cases the possible conclusions and decisions can be detrimental to security.

In forecasting military-political processes, it is important to proceed not only from what is directly happening now, but also to take big "chunks" of historical time. In the latter instance, the conclusions will be more cautious as the following table suggests.

Historical periods	Duration of periods in years	Number of wars and con- flicts per period	average fre- quency of wars and conflicts per year
1. All known history	5000 years	14,500	Approximately 3
2. From the beginning of the age of impersalism to our time	90 years	420	Approximately 5
3. End of the 19th century to World War I	20 years	36	Approximately 2
4. Between the two world wars (1918- 1939)	21 years	80	Approximately 4
5. After World War II (1945- 1987)	42 years	300	Approximately 7.5-8

Computed on the basis of: "Militarizm: tsifry i fakty" [Militarism: Figures and Facts], Moscow, 1986, p.71; "V. I. Lenin i zashchita zavoyevaniy sotsializma" [V. I. Lenin and Protecting Socialism's Attainments], Moscow, 1988, p. 184; B. M. Kanevskiy and P. M. Shabardin, "Problemy sovremennoy voyennoy politiki" [Problems in Contemporary Military Policy], Moscow, 1989, p. 18.

The sources of wars are "at work" (even with a certain increase in frequency), although for the most part in the zone of liberated countries, but with the involvement of developed countries in the events. Small conflicts and wars, it is stated, threaten to grow into big or even global wars. Overarming continues. The military might of Western armies is growing. Military programs that can make the danger of war extremely acute are being carried out. The sphere of military confrontation is essentially expanding: the foundation has been laid for the militarization of outer space and fundamentally new types of weapons are being developed on the basis of basic scientific discoveries. There are military conceptions and doctrines and strategic operational plans oriented toward surprise attack, mass offensive operations designed to inflict damage on the enemy. Armies in Western countries are openly preparing for this.

The military potential of the USA and NATO is enormous and sufficient to wage a big war. While at the present time there is no direct threat of an attack on us and our allies and while there are no "direct motivations," as a result of a sudden turn of events, political ambitions, errors and random factors the present state of the armed forces (power, combat readiness and mobility)

can produce the "instantaneous" growth of intermediate danger into a direct danger as has repeatedly been the case in known crisis situations already under the conditions of the nuclear missile age. The West's military power forms, is maintained, and improved with an eye to maintaining constant preparedness to wage a big war and a number of small wars simultaneously. Based on an analysis of world and regional military-political situations a very solid study entitled "Strategic Requirements for the Army to the Year 2000"1 concludes the possibility of more than 200 and military conflicts before the end of the present century and the necessity of building the American army on the assumption of direct involvement in them. Even though the likelihood of a big war is considered small, researchers believe that a big war must be the constant object of preparation for the armed forces.

The real possibility of an accidental war, which S. Blagovolin justly mentioned, remains. In the face of the danger of such a war, the army cannot relax its vigilance and combat readiness for an instant. After all, the same preparedness is needed to wage an accidental war as to fight a war that is deliberately started. This is all the more so because powerful groupings of NATO forces are in a high state of readiness in theaters of military operations near our borders.

It is generally acknowledged that an integral and effective political mechanism for preventing wars and conflicts has not yet been created and that there are still powder kegs in existence. Military detente lags greatly behind political detente and many specialists believe—not without foundation—that it has still not really begun.

I think the conclusion that the social basis of war has disappeared is premature. Aggressiveness is a basic feature of societies in which there is private property. Objectively larger, more powerful capital has larger appetites. The entire historical experience of the twentieth century attests to the fact that expansionist, aggressive tendencies inhere in imperialism, its economics, politics, and ideology. The sources of wars, the advent of the nuclear danger itself, and overarming, no matter what the occasional influence of socialism on this has been, date back to the class structures of Western societies.

Naturally in the understanding of this basic property of capitalist countries, it is important to overcome primitivism when aggressiveness is seen only in a military uniform. Warlike circles, presently realizing the suicidal danger of war, are operating with greater flexibility and diversity, have activated and are banking on nonmilitary forms: political, scientific-technical, spiritual-informational, psychological, etc. Even the forms of using military power are undergoing substantial transformations: actions not involving the launching of armed struggle—military demonstrations, movements, concentrations, etc.—occupy an ever larger share. But the greater degree of caution that is exercised in these

matters does not mean that the possibility of other forms of military force is now entirely excluded.

I do not believe that "guaranteed military security, if only for 10-15 years," has arrived as yet. It can become a reality when the new political thinking becomes the decisive factor in the policy of all countries and blocs, when the principle of defensive sufficiency is implemented, armies will lose their capacity for surprise attack and large-scale offensive actions, and political means will become decisive in preventing wars, finally, when global and regions! mechanisms for preventing military conflicts develop.

The thesis advanced by S. Blagovolin concerning military power's loss of its "independent political function" and its transformation into an element of foreign policy is slightly ahead of the actual course of things even though this may happen in the future but only when the political mechanism of security has been created. The idea of change in the place and purpose of socialist military power is productive: its peacemaking role must be intensified; our military organizational development must initiate the disarmament process, must help to lower the level of the military threat, to create truly constructive international relations. It must not be forgotten that defensive power realizes its function to defend socialism primarily through high combat readiness and combat effectiveness of the army that deprives the aggressor of hopes for a successful attack. Life unquestionably objectively demands the inclusion of socialism's military power in political peacemaking processes, but for all this military power does not lose its independent designation and has its own specific tasks and methods of control. Exceptionally important is the interaction of all means of protection-foreign policy security services, protection of the border and the armed forces. The situation now demands the elimination of excesses that have developed in our defensive power, the closer coordination of military expenditures with society's potential, the concentration of attention on the economic and *cientific-technical aspects of our security, and consideration of possible new breakthroughs in Western military technology. Here, too, the reader will find timely thoughts and conclusions in S. Blagovolin's article. But judgments regarding the possibility of eliminating eliminating air defense, of getting rid of the oceangoing fleet, etc., are debatable. These questions merit special examination.

S. Blagovolin logically leads the reader to the idea of full-scale military reform in our country which must lead the army to a qualitatively new level in accordance with the concept of rational sufficiency. He views it as a broad spectrum of reforms: democratization and glasnost in the formulation and implementation of foreign policy, the transformation of the army into a professional army, the resolution of urgent social problems in the army, the creation of a truly legal mechanism governing its use, and its emancipation from inappropriate economic functions that are reported on very proudly by certain military leaders.

One of the central points advanced by S. Blagovolin is the change in the principle governing armed forces manpower acquisition: the transition from induction to hiring (recruiting) privates and NCO's according to the model of certain Western armies (American, British, and others). The author believes that the "effectiveness—both military and economic—of the induction system is steadily declining," that the professional army is better trained and does not require increased expenditures on its maintenance. The change of the army's modes of manpower acquisition is intended to qualitatively raise its training and power.

We note that we traditionally believed that professional armies could exist only in bourgeois (but not in socialist) countries and cited the social degradation of these armies and their total separation from the people. The concept "professional army" does not exist in the "Soviet Military Encyclopedia," but a number of articles briefly mention "one-sided" bourgeois theories of "small professional armies" and emphasize their insolvency. An argument cited against professional armies states that all armies in reality develop as "permanent, mass, regular" armics. Closer scrutiny reveals the supplanting of concepts and the violation of logic in this argument because, as life shows, professional armies may be permanent, mass, and regular. Some professional armies of NATO countries are specifically such.

There has been change of late in the way we apply the concept "professional army" to our own armed forces. If we refer to the level of personnel training, it is professional. But if we intend this definition to include our mode of manpower acquisition, it can be said to be semiprofessional: military service is a profession only for the officers, but privates, sergeants and first sergeants give it only 2-3 years of their life.

The common belief is that staffing the army on the basis of recruitment will require an increase in expenditures on its maintenance and above all that it may cause moral and political harm: the equal responsibility of citizens for the defense of the Homeland and equal practical participation in it will disappear, the army's ties with the people will be narrower, etc. Colonel General G. Krivosheyev believes that the conscription principle of manpower acquisition stems from the character of modern wars (they are waged by peoples) and that compulsory army service for all youth reflects social justice and makes it possible for all youths to go through the school of moral and physical toughening.

In the opinion of Soviet military leaders, staffing the army through universal conscription should ensure the necessary number of mobilization resources and their quality appropriate to the level of development of military equipment and military affairs in general.

But life shows that this is by no means the case. In air force, navy, strategic missile forces, and air defense units and subunits, the number of professionals has been increasing for many years and frequently the collectives.

operating exceptionally sophisticated types of weapons and military equipment consist exclusively of professionals. On the other hand, a large mass of army conscripts are used as cheap, unskilled manpower on industrial, housing and everyday service facility construction projects, in railroad and highway construction without receiving any military training whatsoever and without increasing the size of the ranks ready to defend the Fatherland. It is as if they are excluded from the performance of the sacred obligation established by law for every citizen. Also forming in the country is a system of deferments for students and certain other young people which makes it possible to evade military service and gives rise to an unjust approach and various abuses in the performance of one's military duty. Our society's attention is already riveted on this situation. With the inevitable reductions in the future, the army will lose its capacity to "digest" the entire contingent of youths reaching conscription age.

It will be necessary either to call up part of the youth (but which part and how can the principle of just and equal performance of one's civic duty be preserved?), to reduce the terms of service, or to adopt new principles for staffing the armed forces.

It is also important to consider the consequences of perestroyka in the nation. The transition to economic methods of managing economic matters and the intensification of the role of both material and nonmaterial work incentives cannot fail to be reflected in the army. Measures are even now being taken to give officers more material incentive to improve their professional qualifications, to raise the level of their proficiency rating, to be more conscientious in the performance of combat alert duty, etc., for additional money. These measures are being taken to stimulate the labor of the most conscientious part of the army. Is it right to entirely ignore material incentives for privates and NCO's?

Life urges us to study army manpower acquisition problems in depth because the state of the army depends on this to a great degree. There is need of alternate approaches, experiments, and discussion Moreover, different approaches are possible for different combat arms. After all, when we talk about Western armies, many people forget that only 5 of NATO's 16 armies are entirely professional (hired), while 11 are 50-percent hired and 50-percent conscripted. There must be critical study of Western armies which we are presently disregarding.

The mode of army manpower acquisition has its own historical, political, social, economic, moral, and other aspects that cannot be ignored. Hiring as a mode of manpower acquisition is possible at a certain stage of society's development if the appropriate economic, financial, and social conditions are at hand. Beginning with the fifteenth century, almost all armies passed through this stage. But it should be emphasized that Russia never had hired troops. This is necessarily reflected in our views. The armies in the first and second

world wars were staffed on the basis of universal conscription. Before the first and second world wars, only two major countries—the USA and Great Britain—had professional armies. They instituted the draft at the beginning of the war but returned to professional armed forces at war's end. At the same time, the mode of manpower acquisition of the armed forces has been equated with universal conscription. But they are not one and the same. All citizens must be ready to defend the Homeland, but as experience shows, not all of them necessarily serve in the army.

But it must be admitted that there is the problem of restructuring relations between the army and society, the problem of servicemen's attitude toward their work, the problem of internal relations in the army—military-political, service, subordination relations, interpersonal relations, relations pertaining to the maintenance and use of weapons and equipment, etc. This is specifically the key to the decisive normalization of the army, to giving it a new qualitative state applicable to the new conditions.

The induction system presently supports the activity of one side—the army, which decides everything for the youth inducted into it. The conversion to recruiting also activates the other side—the recruited youth who have to be reckoned with to a greater degree in the organization of all life and activity of military personnel, in the content of the regulations, and all military procedures.

As we know, a considerable number of youth now enter the army reluctantly, try to avoid induction, do not display the proper interest and activity, and merely "do their time." Internal motivations to serve zealously are slackening even though under the existing conditions they are for the most part spiritual, moral and psychological. Officers and men themselves are more and more frequently talking and writing about this. The situation here cannot be corrected by educational measures alone.

Naturally, soldiers and sergeants who are professionally engaged in military work for 6-12 years (two contract terms of service) are necessarily better trained than those who serve 2-3 years and are even then diverted to economic and other activities. F. Engels wrote that terms of service and naturally the quality of training determine the level of preparation of armies are the "best yardstick to their fitness for action in any situation."5 Whether professional armies serve the people or a narrow social stratum depends entirely on the nature of society, its political organization, and the character of their interrelations. Does our militia lose its ties with the people because it is staffed with recruited (hired) volunteers? Western professional armies are for the most part recruited from representatives of the lower strata who become servants of the state. Question: why must a socialist professional army form an estate that is separate from the people?

General Colonel G. Krivosheyev's argument that the principle governing army manpower acquisition is determined by the character of the war that requires the participation of all citizens in the struggle can be countered by other arguments. Cannot the necessary preparation be provided by other forms of training and education? And what of military training in institutions of higher learning, training centers, DOSAAF schools, etc.

In a word, there are no serious grounds for categorically rejecting the staffing of the army through recruitment. There is no doubt that this kind of staffing alters the very attitude toward the army and attitudes within the army. Many believe that this will raise the level of training of armed forces personnel, that it will help to heal them of serious ailments that are presently being treated by ideological and educational means alone. This will also affect their size. After all, since the '20s it was determined to a considerable degree by the principle that "all young workers and peasants shall enter the army when they come of age", i. e., was based on the number of youth reaching induction age every year. This was right for that time but is it suitable for our time?

The question of the possibility of having a mass, standing professional army requires study and substantiation without any manner of defamation of the armed forces that are staffed on the basis of universal conscription without fabrications of the sort that bureaucrats favor the existing form for political reasons since it supposedly makes it possible to form one generation of youth after the other in a submissive soldierly spirit, to make young people "wooden dolls" who are obedient to the higher-ups, but not citizens.

In professional armies at any given time, only 10-20 percent of the soldiers and NCO's are learning the rudiments of a military specialty, but 80-90 percent have 4-6 years of service.

In our army, which is based on conscription and a 2-year callup, soldiers and NCO's can be divided into four different groups according to degree of training: the first group, which is learning the rudiments of military affairs in training subunits (individual training, training in technical specialty, etc.); the second group-advanced training in specialty and initial experience in a squad, crew, platoon, or subunit, the third group-those who have attained an elementary professional level and received a proficiency rating, the fourth group—those who have mastered military affairs at a professional level and are waiting to be discharged into the reserve. Thus at any given moment, only 50 percent of the soldiers and NCO's in compulsory service are trained at a more or less professional level. Such a position reduces the effectiveness of the labor of professionals, compels them to "mark time" constantly teaching the rudiments of military service to inductees. Officers are compelled to do sergeants' work for them, which to a considerable degree explains the length of their working day: up to 14-15

hours a day! The staffing of sergeant slots with professionals alone can substantially change the situation of junior officers, the situation in the barracks; can rid army life of the ailments connected with the violation of elementary order, and can put an end to barracks hooliganism.

Nothing in this world can remain the same—this is the guiding approach to all questions of military organizational development.

It must be assumed that S. Blagovolin's article will give impetus to the democratization of military policy, to the discussion and formulation of truly scientific views of the implementation of the overdue military reform.

Footnotes

- 1. R. Kupperman and W. Taylor, "Strategic Requirements for the Army to the Year 2000," Lexington, Toronto, 1984, pp IX, 540.
- "Sovetskaya voyennaya entsiklopodiya" [Soviet Military Encyclopedia], Moscow, 1976, √ol 1, p 253; Vol 5, p 104.
- 3. Ibid., Vol 1, p 253.
- 4. See KRASNAYA ZVEZDA, 31 August 1989.
- 5. K. Marks and F. Engels, "Sochineniya," Vol 22, p 390.
- M. V. Frunze, "Izbrannyye proizvedeniya" [Selected Works], Moscow, 1977, p 353.

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INTERNATIONAL ORGANIZATIONS

The IMF and IBRD in the World Economy: A View from New Positions

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[Text] "Interdependence" and "world economy" are concepts that have only recently become a real part of our scientific parlance. Their recognition in turn urgently requires the rethinking of many important problems in the world economy. These problems include the activity of two large specialized UN institutions the International Monetary Fund (IMF) and the International Bank for Reconstruct on and Development (IBRD).

Among the almost 400 multilateral intergovernmental organizations, the IMF and IBitD are "superstars." They number 151 countries among their numbers: all

developed capitalist countries (except Switzerland), all developing countries, and a number of socialist countries (Yugoslavia, Romania, Hungary, Poland, the People's Republic of China, Vietnam, and Laos). The mighty financial base of the IMF and IBRD exceeds the resources of all other specialized UN institutions and regional development banks combined. The volume of credit operations of these two institutions in some years of the last decade almost equaled total OECD [Organization for Economic Cooperation and Development] financial aid for development.

The predominant attitude in the Soviet Union toward international monetary and financial organizations has been predominantly negative and one-sided until recently. The stable image of these organizations in the popular literature was that of a bulwark of Washingtoncontrolled imperialism and neocolonialism whose main goal was virtually "to plunder the national wealth of debtor nations and to subject them still more to the dictates of the industrially developed Western countries."2 The line that was pursued artificially set the IMF and IBRD against other UN institutions. However, objective and comprehensive analysis of the role of the IMF and IBRD in the world economy acquires ever greater scientific and practical significance in connection both with serious changes in the global regulation of economic processes and with trends toward the deeper involvement of the USSR in the international division of labor.

The Base of International Monetary and Financial Cooperation

The idea of creating international organizations to regulate the principal spheres of international economic relations originated in capitalist countries under the influence of the world economic crisis of 1929-1933. Fierce monetary and trade "wars" clearly demonstrated the connection between expanded foreign economic ties and the increased vulnerability of most countries to "external" factors, the danger of totally uncontrolled spontaneous forces in the world market, and the harm that individual countries can cause one another through their uncoordinated actions.

The initial conception of the activity of international monetary and financial organizations founded in 1944 at the United Nations International Monetary and Financial Conference in Bretton Woods (USA) bore the stamp of a unique historical moment. It combined the fresh memory of the lessons of the Great Depression and the spirit of joint actions, cooperation, and mutual aid of countries belonging to the anti-Hitler coalition. The founding nations tried to create economic structures that open up the prospects for future well-being and prosperity in the postwar world. All this was reflected in charter goals that were formulated at Bretton Woods and that have remained unchanged to this very day.

Thus, the top-priority objectives of the IMF were to create a continuously functioning body to ensure consultation and cooperation between member nations on international monetary problems. The second objective was formulated very broadly and essentially revealed the basic goal of monetary cooperation: to goal of promoting balanced growth of international trade and of increasing employment and real incomes and maintaining them at a high level, and of developing the production resources of all member nations.

The Fund was also supposed to promote the intensification and effectiveness of international exchange by stabilizing exchange rates and preventing the competitive devaluation of currencies, by helping to establish a multilateral system of payments for routine transactions between member nations and for eliminating currency restrictions, and by offering credit for the regulation of payment balances. The latter must make it easier for member nations to follow the international "rules of the game" by allowing them to refrain from introducing or intensifying various kinds of restrictions, competitive devaluations, etc.

The IBRD charter also gives priority to the most general objectives: the creation of favorable conditions for productive capital investments, the stimulation of an international flow of long-term investments, the reconstruction and development of the territory of member nations, and the conversion of a military economy into a civilian economy. The specific forms of the Bank's financial activity include guaranteeing private foreign investments or participation in them; granting its own loans under sensible conditions in the absence or shortage of private capital, and the granting or guaranteeing of credits in connection with international financing in other channels.

A substantive feature of the charters of the Fund and the Bank is the absence of any kind of principles that are a priori unacceptable to countries with any social system and any economic system. Nor are there any fundamental restrictions on membership. At the time the IMF and IBRD were created, it was assumed that all "associated nations" based on the "economic unity of the world," the "senselessness of economic rivalry," and the "feeling of deep responsibility to those who have borne so many sacrifices for the sake of their hopes for a better world. "5 Considering this as well as the breadth, durability, and general human character of their charters' objectives, it seems to us that it may be possible to speak of the universality of the basic conception of the given international monetary and financial organizations.

Nor is this conclusion contradicted by the generally recognized decisive role of the USA in the creation of the IMF and the IBRD. International cooperation is not the result of relations between abstract countries as monolithic blocs, but is rather a complex struggle of internal forces over foreign economic decisions. The treasury, which was actively supported by President F. D. Roosevelt, was the main driving force in the USA behind the creation of the international monetary and financial organizations. There was also powerful opposition from narrow nationalist positions to the very idea of these organizations. Principal opposition came from advocates of an Anglo-American monetary bloc. Unlike them, many representatives of the Roosevelt administration were oriented toward postwar constructive cooperation between all countries.

In the specific situation of that time, they could advocate general human, global interests stemming from a more farsighted understanding of "enlightened self-interest."

However, the question naturally arises: why did the Soviet Union-one of the principal founders of these organizations, an active participant in the formulation of their charters and in the Bretton Woods conference—not become a member of the IMF and IBRD? "The Soviet delegation's proposals," wrote K. Ya. Chizhov, the author of one of the few responsible books about the IMF and IBRD, "made it somewhat easier for countries whose economy had been destroyed during the war to become members of the Fund, but they did not alter the general nature of the Bretton Woods agreements as an instrument of the expansionist policy of imperialist monopolies. Therefore the Soviet Union did not ratify these agreements and does not participate in the International Monetary Fund. We were contented with such explanations for a long time. However they create the impression that during several years of negotiations the Soviet delegation did not realize the essence of the organizations that were being created.

The absurdity of such a supposition is obvious to anyone familiar with the situation at that time. In actual fact, every minute detail in the position of the Soviet experts was thoroughly coordinated with Moscow and reported to Stalin. Members of the Soviet delegation occupied high posts at the Bretton Woods conference: one of four vice-presidents; chairman of the Fund Operations Committee, chairman of a special information committee, member of a quota-setting committee, etc. The Soviet Union was assigned the third largest quota in the IMF and share of participation in the IBRD after the USA and Great Britain (together with colonies) and was granted numerous serious concessions. Upon his return from Bretton Woods, I. Zlobin, an actual participant in the negotiations, called the agreement a great victory of Soviet diplomacy.

At the same time, while actively participating in the negotiations, the Soviet Union did not advance fundamental principles concerning international interaction in the monetary and financial area. The essence of its demands boiled down to the greatest possible isolation from the newly created system while formally entering into its framework. All the coordinated qualifications that indirectly fixed the special status of the USSR made it possible to change nothing in the internal structure for the sake of international cooperation. Some of the amendments, to be sure, had consequences for other

countries, but only as a by-product of the Soviet Union's desire to distance itself from IMF intervention and to reduce its expenditures.

Under such conditions, participation in the creation of the IMF and IBRD was for the Stalin government exclusively a matter of political prestige that was not reinforced by the needs of the economic course. The course was already firm: a course for autarky. But the prestige concept changed abruptly in 1945 in accordance with unforeseen changes in the leader's mood. However even in the event of ratification of the Bretton Woods agreements, the possible participation of the USSR in the IMF and IBRD during that period was tantamount to nonparticipation from the standpoint of the internal economic and political situation in the nation and the implementation of the initial universal conception of international monetary and financial organizations.

All our present dormas relating to international monetary and financial organizations date back to attempts to substantiate Stalin's decision on the nonparticipation of the USSR. Dogmatic ideas were also strengthened by the fact that the activity of the IMF and the IBRD during the first two-plus decades of their existence substantially deviated from the initial design in the direction of the narrowing of their membership* and functions and the excessive influence of one country: the USA.

In our opinion, however, the initial period of functioning of the Fund and the Bank only clearly showed that the realization of the full potential of these organizations as specialized UN institutions and centers of worldwide cooperation in the monetary and financial sphere demands the adequate world economic situation and the appropriate political climate in East-West and North-South relations. In this connection, the present, qualitatively higher stage in the activity of the IMF and IBRD begins roughly in the early "70s when the development of internationalization processes throughout the world gradually began to create conditions for the practical implementation of the initially universal conception of the given institutions.

This first of all concerns the correlation of forces in the IMF and IBRD. They contain a "weighted" voting system of member nations depending on financial contribution (quota) to the IMF or the share of participation in the joint-stock capital of the IBRD. Even with respect to this formal indicator, the correlation of forces in the Fund and the Bank by the end of the '80s was considerably more balanced than in the initial period of their activity. Thus, the share of the USA's votes in IMF declined from 30 percent in 1948 to 19 percent in 1988; Great Britain—from 14 to 7 percent; France—from 6 to 5 percent. The influence of the Federal Republic of Germany and Japan is gradually growing (they have approximately 6 and 5 percent of the votes, respectively). The share of the developing countries in the overall votes increased from 19 percent in 1948 to 34 percent in 1988. Approximately the same changes have also taken place in the IBRD.

Many decisions by IMF and IBRD legislative bodies require a simple majority of the votes, including decisions relating to the admission of new members. Therefore, no single country can impose its will or block such decisions. What is more, even the Bank's leading stockholder-the USA-has lost its right of veto on any questions because the largest qualified majority is 80 percent. The USA still retains its veto right in the Fund on those few decisions calling for an 85 percent qualified majority of votes, but it is highly likely that it will lose this privilege when quotas are subsequently revised. In this regard, it should be mentioned that the largest world creditor-Japan-and the "new industrial countries," headed by South Korea, which have gained momentum, are more and more insistently demanding a significant increase in their influence in the IMF and IBRD in accordance with their economic might.

The following is very important for understanding the decision-making mechanism. Voting is nonexistent in the executive bodies of the Fund and the Bank. Decisions are traditionally made on the basis of consensus. In such a situation, the significance of the formal number of votes is substantially less than the weightiness of the arguments and there is less of a tendency of the countries to form coalitions.

The activity of Committee-20 on International Monetary Reform, which included representatives of developed capitalist and developing countries, in the early '70s was a substantial step for the IMF in the direction of reaching compromise in international relations. As a result of negotiations within the framework of the Committee, the Fund's charter legislatively reinforced a number of important principles for borrowing countries. In particular, the article on the IMF's observance of national exchange rate regimes includes the obligation of the Fund's leadership "to respect the internal sociopolitical goals of member nations" and "to take the obligations of member nations properly into account."10 These obligations were later concretized in the "Principles Underlying the Fund's Advancement of Economic and Political Terms for Its Loans" that were adopted in

Of course, the legal parameters of the decision-making mechanism in international monetary and financial organizations are not identical with the state of affairs in real life. In particular, as long as the developing countries continue to be economically backward and dependent, their positions in the IMF and IBRD on specific issues remain vulnerable. There are still periodic situations in which the United States tries to exert pressure on the leadership of the Fund and Bank through informal channels. But for all that, there is a clear-cut legal base for securing national sovereignty and interests, that is realized all the more completely in proportion to the purposefulness and scientific substantiation of the policy pursued by the government of a member nation of the IMF and IBRD.

Functions Under the Conditions of Interdependence

In addition to the pluralization of the correlation of forces in the IMF and IBRD, there have been and continue to be enormous changes in their functions. These changes are objectively condition by the adaptation of regulatory activity to the conditions of increased interdependence of all countries in today's world and the ever closer intertwining of all manner of different areas of the national and world economy. After a certain "critical level" of internationalization was reached, it became impossible to regulated monetary and financial flows in isolation from the dynamics and correlation of national macroeconomic indicators.

What is more, under present condition, the solution of the problems currently confronting the developing countries depends increasingly on the economic situation and policies of the developed countries, on adopted longterm strategies of development, on East-West relations. The existence of economic demands that are very similar for almost countries in the world and that are independent of sociopolitical systems—the adjustment of the correlation between consumption and production, the reduction of state intervention and the more complete use of the market mechanism, the decentralization of property and the management of production-becomes increasingly obvious. Finally, the regulation of the monetary and financial sphere is clearly connected with such global questions as detente and disarmament, overcoming poverty and backwardness in the developing countries, environmental protection, etc.

The changes have primarily affected the multilateral regulation of relative exchange rates between national monetary units. It is specifically here that the specifics of the combination of the national and transnational are manifested in every concrete stage of development of the world economy.

The system of fixed exchange rates that operated under the acgis of the IMF until the mid-70s and the gradual elimination of restrictions on current payments made a useful contribution to the normalization and attainment of the multilateral nature of monetary and trade exchange, to the economic development of many participating countries. However the initial success of the given mechanism was connected with special circumstances: the overwhelming share of the USA in the world economy and of the dollar in the international monetary system, limited capital mobility, and the still relatively weak influence of the national economic policy of even the largest countries on the world economic situation. Change in these circumstances independent of the will of the IMF led to the conversion of the principal capitalist currencies to a "floating" regime with the subsequent revision of the very principle of multilateral regulation of exchange rates: the elimination of administrative norms and emphasis on the creation of "basic" economic and financial conditions favoring international monetary staWith the rising degree of internationalization of the world economy and the liberalization of foreign economic relations, the potential of purely monetary policy to attain stability of monetary relations is very limited. When monetary indicators are dynamically formed by the entire gigantic base of national economies behind them, attempts to exert direct, administrative pressure on them are like the attempt to suppress the symptoms of a disease instead of eliminating its causes.

The normal functioning of monetary and financial relations can be secured only through the joint efforts of states in the area of macroeconomic regulation. For example, if there were relatively low and approximately uniform rates of inflation and growth of money supply, reciprocally corresponding and sufficiently high levels of economic activism, and if real interest rates approximately coincided in all countries, the stability of "floating" exchange rates and the balance of foreign transactions would be automatic. There is no other avenue of long-term stabilization in the face of growing interdependence. Monetary indicators in turn acquire key significance as indicators of the state of national economies and the world economy. They reflect all the incongruities of general economic policies of interdependent states that attest to the need to take corrective measures.

The regulatory role of the IMF is aimed at coordinating the entire multitude of direct relations and feedbacks on a multilateral basis between national economies, the monetary sphere, and the world economy to identify and eliminate sources of instability. In accordance with its charter authority, the IMF "closely observes" the state of the international monetary system and the economic policy of each of the member nations. This term conceals the enormous volume of the work that is performed by IMF personnel in the course of everyday contacts and consultations with literally all participating national governments. Today's IMF is essentially a gigantic data bank and a mighty center for the global economic analysis as the basis of control of the reciprocal correspondence of economic-political goals and macroeconomic forecasts for all member nations and for identifying the consequences and summary effects of national measures.

The informational activity of the Fund is closely connected with making recommendations in the area of monetary and economic policy for each country with which consultations are held. The IMF also plays an important role in the formation of such a fundamentally new form of international regulation as the multilateral coordination of macroeconomic policy of the leading capitalist states.

The reciprocal coordination of instruments of macroeconomic regulation of the economies of participating countries is characteristic of this form which originates simultaneously with the practice of holding meetings of the leaders of the Seven, the adoption of concrete quantitative obligations by each of them on a large number of national macroeconomic indicators (growth rates, the ratio of state budget deficit to GNP, the level of interest rates, changes in taxation, etc.); "multilateral observation" of the fulfillment of these obligations and the present and prospective economic development of each of the partners and of the Western community as a whole. Of course the implementation of declared intentions encounters various difficulties. But in our opinion, we must not lose sight of one aspect: for the first time in world economic history, the governments of the major nations pledge to coordinate numerous measures that have traditionally be regarded as an internal matter.

Since the benefits and costs of coordination in the short term are unevenly distributed among participating countries, there are frequent disagreements in the "haggling" process (we recall the "interest wars" of the first half of the '80s or claims by the American leadership against Japan and the Federal Republic of Germany concerning their "excessive" caution in stimulating economic activity in the second half of the decade). Naturally, from the very beginning governments of the Seven felt the need for a neutral and competent arbiter and they began using the IMF in this capacity.

The managing director of the Fund is invariably invited to all meetings of the Seven, even the most highly specialized, and to participate in the formulation of the most important decisions. The Fund's participation in the negotiating process, ensures a long-term, strategic approach to common problems and consensus on priorities. What is more, in the process of multilateral coordination, countries belonging to the Seven actively use the potential of the Fund in the form of the gigantic volume of regularly processed information and the constantly improved methods of systems research. This is of considerably greater interest to the West than the organization's financial resources.

However, the functions of the IMF as brain center and coordinator are not confined to the sphere of monetary policy. Since the early '80s, it, together with the IBRD, has occupied key positions in the regulation of the debt crisis. Their activity to resolve the debt problem is conducted in three basic directions; the fulfillment of the role of world forum for the discussion of plans for regulating indebtedness at the intergovernmental level and the adoption of concrete decisions on a solid financial base; support for the influx of foreign financing to debtor nations; assistance to national governments in finding directions of stabilization and economic restructuring in order to resolve the debt crisis and to accelerate socioeconomic development.

The first direction hardly requires explanation. Suffice it to recall that it was specifically at IMF-IBRD sessions that the widely renowned "Baker Plan," the decision of the Seven to write off some of the debts of the least developed nations, etc., were submitted. Incidentally, since 1988 there has been an appreciable reduction of differences in positions on the regulation of indebtedness between these organizations and UNCTAD.

But as regards the second direction, the Fund and the Bank assumed the functions of coordinator and catalyst of the entire system of external financing of debtor nations and developing countries in general. Thus while in the '70s, Western commercial banks competed to expand their foreign credit operations, when the first signs of insolvency of debtor nations appeared, they began an equally feverish search for guarantees of the recovery of their assets and ways of "retiring from the game" as early as possible.

It became obvious that participation in international monetary and financial organizations was the only potential guarantee for them in interrelations with sovereign borrowers. Therefore, starting in 1982 the IMF headed practically all extraordinary international actions to put together "packages" of short-term financing for countries on the verge of bankruptcy. The Bank for International Settlements, the U. S. Import-Export Bank, many regional banks and national organizations, and EC organs became involved in these actions.

The tradition has developed that commercial banks grant debt extensions or new loans to debtor sations only if they immediately enter into negotiations with the IMF or IBRD to coordinate economic reform programs. The Paris club of Western governmen' creditors usually waits until the Fund's directorate has officially issued credit before making the final decision to defer the repayment of a state's debt.

Most Bank projects in the '80s have involved the participation of third parties—national and international developmental organizations—as creditors (including specialized UN agencies), export credit organs of the developed capitalist countries, commercial banks, and nongovernmental organizations. All these institutions view partnership with the IBRD as a guarantee that they funds will be repaid and as the highest degree of substantiation for the capital investments that they make. What is more, with the creation of the International Agency for Guaranteeing Investments under the IBRD, the guaranteed activity of the Bank goes beyond the framework of projects directly involving its investment resources, and its advisory functions now play a larger part in foreign investment.

International monetary and financial organizations are to an ever increasing degree the coordinators and guarantors of official Western aid to the developing countries closely interacting with the OECD Development Assistance Committee. There is close cooperation with GATT. Its secretariat regularly submits information to international monetary and financial organizations on trade policy and trade agreements of member nations, conducts joint consultations with GATT and the IMF with a wide circle of countries; quantitative methods for evaluating the influence of the liberalization of trade on the balance of payments are continuously improved.

The Fund and the Bank, interacting with the UN, devote growing attention to the implications of disarmament for

development. The IBRD prepares various studies and reference materials making it possible to view military expenditures in the context of the general needs of development. The IMF is directly involved with the problem of military spending in debtor nations when it coordinates ways of reducing state budget deficits. According to the data for 1980-1984 (later data have not been published), 7 out of 94 signed stabilization programs contained direct agreements with national governments to curb defense allocations as a basic condition to receiving credit from the Fund. 13

Stabilization and Structural Adaptation

The principal reason why financial and credit institutions, governments, and international organizations are
interested in cooperating with the IMF and the IBRD is
that the Fund and IBRD can make recommendations to
governments of borrowing nations in the area of economic policy with due regard to the entire complex of
international circumstances, which no other foreign
entity is entitled to do. The IMF usually specializes in
short-term financial and economic stabilization, the
IBRD—in long-term structural change in real economic
indicators. Both of them have the objective of adapting
the economy of member nations to altered conditions in
the world economy, increasing the effectiveness of their
participation in the international division of labor, and
of seeing to it that debt payments are uninterrupted.

The "conditionality" of the Fund's credits is a principle that has been operative since the mid-'50s. The mere granting of short-term financial aid at a time when the payment balances of member nations is in a crisis state is considered insufficient. The IMF emphasizes the elimination of the causes of these crises if they are not connected with short-term external circumstances or natural disasters. In order to restore the equilibrium of foreign payments, the Fund's stabilization programs usually suggest introducing strict economies, including monetary and credit restrictions, tax reforms, and reduced budget spending by freezing the wages of state blue- and white-collar workers, by reducing transfers [perevody] and subsidies, by modifying investment programs, by devaluing the national currency, etc.

The IBRD has also similarly expanded the range of its jurisdiction. The bank has gradually changed from a predominantly financial institution into the principal center for formulating and testing development strategy. In our view, this is explained by the following circumstances.

First, the cumulative experience of projects creditfinanced by the IBRD (since 1960—together with its affiliate, the International Development Association) shows that unless the present and prospective state of the national economy, internal political, social, cultural, and ethnic features of the borrowing nature are taken into account, even technically optimal projects are doomed to fail or at least will not attain the proper level of effectiveness. Second, increased interdependence has led to the reassessment of the basic functions of the IBRD in the principal capitalist countries in whose financial markets the Bank mobilizes the greater part of its operating resources. The IBRD's middleman role in the profitable and reliable exporting of capital has receded to a secondary place even though it is still important. The participation of the Bank in promoting economic and political security in the world depends largely on the stability of internal development and the diminution of social contrasts in the developing countries.

The IBRD realizes its views of optimal models of development for specific borrowing countries both through the establishment of priority directions of creditfinanced projects and through economic and political terms of "credit for structural adaptation" not connected with projects.

Special projects corresponding to the doctrine of 'satisfying basic needs' within the framework of the Bank's activity to overcome poverty in the developing world can serve as an example. Such projects include the stimulation of land reform; the improvement of small peasant farms' access to credit, water, and social services; various kinds of rural construction projects: distributary canals, rural hospitals, schools, roads, warehouse and market facilities; urban development of small enterprises based on labor-intensive technologies; slum reconstruction, etc.

IBRD structural adaptation programs (which are usually formulated in close interaction with the IMF) are directed toward the more effective utilization of the available resources of member nations and toward the creation of conditions for the long-term growth of their production potential. Measures are usually recommended to improve internal price formation, the financial system, internal economic exchange; to privatize or rationalize the state sector; to stimulate internal savings; to develop joint-stock forms of property and internal stock markets (the latter is to no small degree promoted by the very substantial increase in the activity level of an IBRD affiliate: the International Finance Corporation).

The interrelations of the IMF and IBRD with borrowing countries engaged in stabilization or structural adaptation programs are by no means conflict-free. There were powerful protests in the '80"s against the Fund's terms in many countries (Argentina, Brazil, Sudan, Egypt, the Philippines, etc.). The implementation of the programs was interrupted in many instances. We are still prone to interpret such instances as a manifestation of the antipopular character of the IMF's demands. In actual fact, everything is not as simple as that.

It is known, in particular, that the most highly developed Third World countries that possess a large economic and scientific-technical potential and substantial weight in the international division of labor, that have a modern economic analysis system, and that are able to make a sober assessment of their own problems work out their own national economic and political reform programs. They usually obtain the subsequent approval and financial support of the IMF and the IBRD. Reactionary regimes are not the only ones that adopt strict programs. National governments very frequently need the cover of the IMF and IBRD to implement painful and unpopular but vitally necessary restructuring measures and still remain in power. Government attempts to "live within its means" evoke broad dissatisfaction inside the nation. In this regard, there are two explanations for the frequent interruption of IMF and IBRD programs. Either a government intends to violate them and is only guessing the time required to obtain additional resources from private banks, governments, and the given organizations themselves or a government in unable to fulfill its obligations because of internal political opposition.

Relations with Socialist Countries

Despite the difficulties that periodically arise in the interrelations of member nations with international monetary and financial organizations, most countries consider participation in them an important element of their economic policy. The IMF and IBRD play a central role in resolving a number of key world financial problems in multilateral cooperation and have a serious impact on the international credit and investment climate, on the restructuring of the world economy, and on overcoming poverty in the developing countries. The IMF and IBRD are an integral part of the worldwide system for regulating the most important areas of world economic relations.

Socialist countries' interest in membership and active participation in the IMF and IBRD revived in the '80s. 13 This is connected with such major changes in internal and external conditions of their development as the implementation of economic reforms, the relaxation or elimination of isolationist tendencies, the recognition of the existence of restructuring problems common to the entire world community, the rigidification of world economic conditions in the economic development of socialist countries, and favorable changes in international monetary and financial organizations themselves.

Integration in the world economy—a course adopted within the framework of the reform, the enhanced role of value indicators and indirect economic regulatory instruments, the attainment of convertibility of currency and multilateralness in the settlement of accounts, and the increased effectiveness of economies and their international competitiveness have not only brought the goals and methods of development of socialist countries closer together to the principles of the IMF and IBRD, but have also made membership in these organizations essential to the attainment of their goals. To Poland, Romania, Hungary, and Yugoslavia, interaction with the IMF and the IBRD has also become an urgent question in the light of their efforts to resolve their foreign debt problems.

All socialist countries that are member nations of the IMF and IBRD have derived major commercial benefits

from their participation. This first of all concerns the impressive scale of use of Fund and Bank credits.14 The countries also have access to artificial reserve units-SDR's [special drawing rights], to participate in international and local markets [torgi] supplying equipment for IBRD projects, and also to technical advisory assistance, particularly in the area of national economic research, the development of computer systems, and personnel training. Membership in these organizations has had a positive impact on the development of relations with other Western creditors. Finally, IBRD credits have promoted not only the strengthening of the production potential of a number of countries, but also the integrated transformation of the national economy, agrarian reform, the rapid expansion of promising export branches, and regional economic independence.

Most socialist countries that are member nations of the IMF and IBRD have at various times carried out financial-economic stabilization or structural adaptation programs that were coordinated with the Fund and the Bank. The experience of these programs has varied. For example, the terms for credit received by Hungary from the IMF in 1982-1984 were a typical example of "self-conditionality" [samoobuslovlennost]. In other words, the IMF believed that the country's policy was correct, but that it needed time and resources to carry it out consistently. The problems and conflicts that have arisen in other socialist countries are the same as those experienced by the developing countries.

What is the USSR's attitude toward these international monetary and financial organizations? If we proceed from the invariability of the model of the Soviet economy that has existed up to now, the Soviet Union does not need the Fund and the Bank. Unlike other socialist countries, the USSR will hardly receive immediate commercial benefits from participation in the IMF and IBRD above an beyond the cost of joining.

In particular, membership could not substantially influence the status of the USSR as a borrower in international capital markets, which is determined by different factors than for small countries. It can be beneficial to obtain credits from these organizations proper but only as an auxiliary instrument in the resolution of national economic problems. Finally, access to international IBRD torgi can be of interest to Soviet enterprises only after they have improved the quality of our technical products and machinery.

However, the farther the Soviet Union goes in using economic methods of managing the national economy, the more negative may be the absence of legally formalized relations with the IMF and the IBRD.Factors speaking in favor of the USSR's joining international monetary and financial organizations are primarily outstanding for their long-term, strategic nature. They may include:

 the possibility of influencing strategic decisions and the everyday practice of multilateral regulation in the international monetary and financial sphere; with the USSR's expanded participation in the world economy, these factors will more and more appreciably affect Soviet foreign economic interests;

- —ensuring the compatibility of new monetary and financial regulatory instruments developed in the USSR and norms generally accepted in the world community that cannot be attained in the absence of full membership in competent organizations. Such compatibility, which is essential for in-depth integration in the world economy, will make the USSR a more attractive partner to the developed countries, especially in the area of joint ventures and other forms of cooperation;
- —the elimination of the unequal status of Soviet enterprises and departments compared with their foreign competitors in external markets and the acquisition of the necessary legal protection against discrimination and currency restrictions. The obligations of IMF member nations to avoid such a practice extend only to member nations at the same time that the threat of using various kinds of monetary and trade barriers against the USSR will mount as its competitive positions grow stronger. The lack of access to IBRD torgicloses a very substantial and growing part of the world market for equipment and technological services to Soviet exporters;
- —fundamental changes in the world view and quality of the work of personnel of enterprises and departments engaged in foreign economic activity as a result of regular and intensive contacts with highly effective multilateral institutions and training in special IMF and IBRD courses and seminars;
- —access to the vast information available in the IMF and IBRD on all countries, the results of global economic analysis, and the latest technology, which will increase the substantiation of foreign economic decisions and the effectiveness of projects;
- —the use of the experience and expertise of IMF and IBRD personnel on numerous national economic problems, including the optimization of investment programs, restructuring, the promotion of an orientation toward exports, price reforms, assessments of specific projects, etc.

As regards the position of other IMF and IBRD member nations on the Soviet Union's participation, it will be determined first and foremost by the general climate in East-West relations. Of course, considerable efforts may be required to overcome both obvious discrimination against the USSR and stereotypical views of the USSR's potential behavior in these organizations. At a meeting with representatives of the Tripartite Commission, M. S. Gorbachev emphasized: "We in the Soviet leadership are approaching the adoption of a fundamental decision. But there is need for understanding and for responsive measures from the other side. We cannot accept all rules of participation in the IMF and IBRD, etc., all at once." 15

International monetary and financial organizations have changed substantially in the last 10-15 years. There have also been substantial changes in the international situation and in economic and political thinking in the USSR. In our opinion, all this makes it possible to approach the problem of the Soviet Union's interrelations with the IMF and IBRD from new positions.

Footnotes

- 1. The IMF's charter capital is approximately \$100 billion plus \$30 billion in borrowed funds. The IBRD's capital stock is \$140 billion (10 percent paid-in); outstanding loans—\$75 billion. On the average, between 1982 and 1987 the Fund and the Bank granted \$6 billion and \$15 billion a year in loans. The total indebtedness of the member nations of these organizations is \$70 billion.
- 2. PRAVDA, 8 April 1988.
- 3. "Second Amendment of Articles of Agreement of the International Monetary Fund," Washington, 1978, Art. I.
- "International Bank for Reconstruction and Development. Articles of Agreement," Washington, Art. I.
- 5. From a message of U. S. President F. D. Roosevelt and a message of U. S. Treasury Secretary S. Mc menthau to participants in the Bretton Woods conference (see I. D. Zlobin, "Vtoraya mirovaya voyna i problemy mezhdunarodnykh valyutno-kreditnykh otnosheniy" [World War II and Problems of International Monetary and Credit Relations], Moscow, 1949, p 181).
- K. Ya. Chizhov, "Mezhdunarodnyye valyutnofinansovyye organizatsii kapitalizma" [International Capitalist Monetary and Financial Organizations], Moscow, 1968, pp 14-15.
- 7. I. D. Zlobin, Op. cit.
- 8. Before the early '70s, Yugoslavia remained the only socialist in the IMF and IBRD. Poland and Czechoslovakia, which were among the founders of these organizations, quit them in 1950 and 1954, respectively; Cuba quit in 1964. Before 1980, China was represented by the Taiwanese government.
- 9. J. Gold, "Voting Majorities in the Fund," Washington, 1977, pp 4-21.
- 10. "Second Amendment of Articles of Agreement of the International Monetary Fund," Art. IV.
- 11. See, for example, "Prospects for Developing Economies, 1986-1995," A./CONF./F130/PC/INF/18 prepared by the IBRD for the International Conference on the Interrelationship Between Disarmament and Development and published as an information material of the conference's preparatory committee in May 1986.
- 12. "Fund-Supported Programs, Fiscal Policy, and Income Distribution." Occasional Paper," IMF, Washington, September 1986, p. 23.

13. The IMF and IBRD were joined by the People's Republic of China (in 1980 at the same time that Taiwan's membership was terminated), by Hungary (1982), and Poland (1986). Yugoslavia and Romania, that joined earlier, has begun collaborating with these organizations much more intensively than in the past.

14. During the entire period of its membership, Yugoslavia received \$8.7 billion in credits from the IMF and IBRD (as of mid-1988); the PRC—also \$8.7 billion; Romania—\$3.8 billion; and Hungary—\$2.8 billion. These countries have used the resources of the Fund and the Bank much more intensively than all developing countries on the average.

15. PRAVDA, 19 January 1989.

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FOREIGN ECONOMIC EXPERIENCE

Economics of Resource Conservation in West Germany

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[Text] Securing stable economic growth rates while at the same time preserving the environment is among the priority objectives of the economic policy of most developed capitalist countries. The introduction of resource-conserving and waste-free technologies is one of the effective ways of realizing this objective. Many countries, including the FRG, have already achieved considerable success in this area. The oil crisis of the mid-'70s provided the impetus for the rapid development of the branch that refines the waste and utilizes secondary raw materials.

Directions of Development

Waste refining accounts for 1.5 of the GNP of countries in the European Community and provides employment for two million persons. Aggregate waste in the EC averages 2.2 billion tons a year²; its liquidation costs more than 200 billion marks.

The annual volume of waste, refuse and garbage in the FRG is approximately 500 million tons, 50 percent of which is generated by agriculture, 25 percent—by industry, 15 percent—by mining; and 2.5 percent by

public utilities. The economic damage resulting from environmental pollution is assessed at 100-160 billion marks a year or 8 percent of the GNP. In 1975 the FRG was the first in the EC to adopt a program for recycling production and consumption waste. Its primary objective is to extract the maximum quantity of useful matter from the waste, to eliminate unrecyclable residues, and to improve the conditions of life activity of man and the environment.

The program called for reducing the overall volume of waste by introducing wastefree technologies, by increasing the service life of the product, by raising the use coefficient of raw materials and waste proper, including the recycling of secondary raw materials, and also by using waste as an energy source and their inclusion in the biological cycle of matter. Ecologically pure production and clean destruction of waste are a key element of the program. It was planned to create a special branch of the economy to realize these objectives. Thus, the FRG was the first West European country to embark on the path of an ecologically oriented economy.

It should be noted that the FRG's policy in the area of environmental protection underwent substantial changes in the postwar period. The primary emphasis in the '50s was merely to spread noxious effluents over the largest possible area. The construction of various kinds of sewage treatment plants started in the late '60s. In the '80s, it was concluded that trapping harmful substances in one medium (air or water) and then releasing them into another medium (the soil) is by no means the best solution to the problem. It is essential to reduce to a minimum the emission of harmful substances in the production process, to collect, safely store and decontaminate them, and to recycle them to a high degree. After conceptualizing the experience of the FRG and other countries, in 1979 the EC Council of Ministers formulated the Community's uniform policy on clean technologies. In particular, 46 million ECU's [European currency units] were allocated to finance drafts of the second EC program (1979-1983) on the development of energy-saving technologies and unconventional energy sources.

In 1984 the EC Council of Ministers allocated resources for the development of wastefree technologies. There was discussion of the development of demonstration systems for monitoring the state of the environment. State financial support accounted for 30 percent of the cost of the project. About 50 proposals were received from industrial forms and corporations on the development of clean technologies, chiefly in the food industry. At the same time, the European Investment Bank granted the European Investment Bank a long-term loan of 24 million ECU's for the development of energy-saving technologies and environmental protection.

By the mid-'80s, the branch for trapping and recycling waste had become an important ecologically oriented sphere of the national economy. In view of the increase in the volume of imported raw materials, the use of

secondary resources is becoming ever more important to the FRG economy. The Law on Waste, which took effect in November 1986, provided that the level of recycling must be raised to 25-30 percent, and for individual types (for example, glass and paper)—to 45 percent.

Over 180 private firms are presently engaged in waste recycling in the nation. Four billion marks in additional investments will be required to meet the demands of the law. This in turn will result in the creation of 20,000 new jobs in waste-supplying branches and to 8000 new jobs in the waste-processing and -recycling branch. In the period up to 1995, investments in waste processing and decontamination will comprise about 10 billion marks.⁵

The production of environmental pollution control equipment is developing dynamically because of the growth of nature conservation demands and standards as well as the prices of raw materials. It is estimated that the annual production of environmental protection technologies in the West European countries will grow to 140 billion marks by the year 2000.

In the future the production structure of ecotechnologies will be as follows: sewage treatment (31.9 percent); processing, decontamination of waste and recycling of secondary resources (28.9 percent); energy saving (16 percent); air pollution control (14.8 percent). The production of measuring and test equipment and noise control technology will reach the 6 and 2.5 percent level, respectively. The FRG is presently the leading producer of approximately 30 billion marks' worth of ecotechnology a year—32 percent of its total production in West European countries.

All adopted environmental protection laws promote the substantial expansion of the production and sale of energy- and resource-saving technologies and ecological equipment. Thus while the average is 7 percent for other branches of industry, the average annual growth of sales exceeds 10 percent (including measuring and test equipment—30 percent; certain types of instruments—more than 50 percent). West German experts are expecting an investment boom in this sphere.

Broad foreign trade opportunities open up to producers of ecological equipment. The FRG was one of the first to enter the international market for these products. Already in 1983 export orders for environmental pollution control equipment was 3 billion marks. In 1987 the sale of goods and services in the area of resource conservation and environmental protection totaled 21.5 billion marks or approximately 1.2 percent of the GNP. Trash incinerators, sewerage composters, industrial waste pyrolyzers, etc., were in the greatest demand.

European Environmental Year, which ended in March 1988, marked the beginning of the Fourth EC Ecological Program (1987-1992). Its structural character, which is independent of short-term fluctuations, is affirmed as the basic principle of ecological policy. The reference is to the lowering of the share of natural resource-intensive, energy-intensive, and polluting and the raising of the

share of resource-saving and wastefree technologies in the overall volume of production.

Demand is growing for ecologically safe products both in the FRG and throughout the entire community. Countries that institute stricter ecological standards are in a preferential situation, which in turn increases their export potential. The foregoing applies in full measure to resource-saving technologies and to the use of secondary raw materials.

The Use of Secondary Resources

Various methods are used to eliminate an enormous mass of waste and garbage in the FRG. The first and simplest is garbage dumps. There are more than a thousand specially equipped dumps and, according to the estimates, another 600 will be required by the end of the century. Naturally, dumping does not solve the problem because there is almost no space left for new dumps, while the mountains of waste continue to grow.

There is also the problem of pollution of the soil and ground water, the formation of gases, the reproduction of harmful insects, the pollution of the atmosphere with dust, etc. Because of these factors, the significance of dumping will diminish. However it will continue in the future as well because many types of waste cannot be recycled and must be buried. This raises the demands that are made on dumps: the double compaction of their foundation; monitoring and preservation of waste hauled to the dumps; trapping and purification of gases; waste decomposition channels, etc.

Long ago, people got rid of trash by burning it. This is still the most reliable method today. Over one-third of the waste from public utilities and homes in the FRG is burned at 47 plants. It is planned to increase the number of garbage incinerating plants (GIP) by another 20-25 units. Including those that are already in existence, this will make it possible to satisfy the population's needs by almost one-half.

The structure of wastes has now changed substantially especially because of the increase in the share of used motor oil, household oil, and plastics. As early as the mid-'60s, combustion has been used not only to reduce the mass of garbage, but also to produce power. Heat exchangers are installed at all GIP's, and the additional heat energy that is generated in the process is used primarily by the public utilities. Throughout the nation as a whole, GIP's economize 0.6 percent of the primary energy carriers and supply up to 4-9 percent of some cities' energy requirement.

Waste has approximately the same heat-producing capacity as brown coal. Combustion of a ton of waste produces 300-400 kilowatt-hours of electric power. It is estimated that the use of waste as a fuel can practically entirely satisfy the public utilities' needs for electric and thermal power. The profit from producing power and heat from waste at heat and electric power plants, at

thermal electric power plants, and from steam generation is 25-100 marks per ton.8

However combustion requires sizable outlays on the purification of exhaust gases and on the elimination of residue. Air purity requirements stemming from the Law on Waste make new ecological demands on garbage incineration plants. In particular, tougher regulations are imposed on the maximum allowable concentration of a number of carcinogens and heavy metals in effluents. Exhaust gases must contain at least 11 percent oxygen. All this is scheduled for 1994, as a result of which the operation of GIP's will be practically safe for the environment.

Composting is the most economical method of eliminating and recycling waste, especially waste of organic origin. It consists in the decomposition of organic matter by microorganisms and the production of organic fertilizer for gardens and hothouses, for the recultivation of land, and for urban landscaping. The FRG numbers more than 20 firms that compost public utility wastes. Every year, they produce over 300,000 tons of compost, of which 70 percent are sold and 30 percent are stored. Success has also been achieved on private farms that have prepared three million tons of compost.

In addition to the enumerated methods, pyrolysis is acquiring ever increasing significance. In addition to protecting the environment, it also facilitates the production of a number of substances in pure form (which cannot be otherwise obtained), the deep refining of organic waste, and the production of thermal power. Pyrolysis is also used to extract metal components comprising 5 percent of the total weight of the waste.

The separation of paper and synthetics, especially plastics, from garbage is also of practical interest. Special enterprises use this method to process about half of the public utilities' waste; however the share of manual labor is high. The separate (systematized) collection of secondary resources has been developing successfully in the nation in recent years. A high degree of secondary utilization (paper, glass, synthetics—70 percent; iron—80 percent) and homogeneousness of raw materials have been attained.

As the table shows, the lowest economic costs are associated with the dumping of wastes and with the conventional and separate collection of secondary raw materials. At the same time, such a method as combustion has been developed on a priority basis, notwithstanding its relatively high costs. Between 1970 and 1988, the share of this method in the overall processing and recycling of garbage and waste rose from 10 to 53 percent. At the same time, the share of dumping as a method of waste elimination declined from 60 to 5 percent.

Comparative Economic Description of Methods of Processing Waste and of Recycling Secondary Resources

Method	Cost of processing a ton of waste (in marks)	Capital investments in equipment (bil- lions of marks)
Dumping	20-70	-
Combustion	50-80	100-120 (200,000 tons a year)
Composting	80-130	40
Pyrolysis	75-100	30 (35,000 toms a year)
Separation of paper and plastic fractions	35-40	30
Conventional collec- tion of secondary raw materials	-	_
Separate collection of secondary raw materials	15-45	-
Separate collection and composting	60-100	30

Calculated on the basis of. T. Koch and J. Serberger, "Ukologische Mullverwertung: Handbuch für optimale Mülkonzepte," Karlsruhe, 1984, p. 226.

Composting was developed primarily in agriculture and in the public utilities and has been used for approximately 5-8 percent of all processed waste and secondary raw materials. Composting of the separate collection of secondary raw materials and composting are the most effective method that is used for 60-65 percent of the aggregate and for 90-100 percent of organic waste.

The FRG press is discussing the question of the list of wastes that are to be collected separately and methods for transporting and storing them. Toxic chemicals, batteries, storage batteries, old medications, old oil and paint, unused plant protection agents, photochemicals, and other chemical reagents are now collected separately. This also includes detergents, powders, spot removers, disinfectants, etc. For these wastes there are special drop-off points, mobile, sectionalized containers for individual types of materials.

The FRG occupies one of the leading places in the world in the processing and utilization of secondary resources. Thus, waste paper comprises 45-50 percent of all raw material used in paper production. As a result, 15 million trees are saved every year. The FRG recycles 31 percent of its glass (Netherlands—53 percent; Belgium—38, Denmark, France, Italy—20-25 percent). West German specialists estimate that this indicator can be raised to 50-70 percent if glass of different colors is collected separately, Every year, the FRG imports over 100,000 tons of glass shards, the secondary processing of which means a considerable saving of power and raw materials. The recycling of all manner of waste metal is as follows: (%): iron—90, tin—49, lead—48, copper—40, aluminum—30, zinc—25.

Ninety-eight percent of old cars are recycled. The average car yields 32.5 kilograms of aluminum, 26.5 kg of lead, 10.2 kg of zinc, 2.9 kg of copper, and 0.6 kg of

tin. As regards old automobile tires, they are reconditioned (24.2 percent), used in road construction (5-10 percent), used for power production (6.1-7.6 percent), or are dumped (17.2-19.8 percent).

The Regulatory Mechanism

The organizational-economic mechanism for stimulating and regulating resource conservation in the FRG is of considerable interest from the standpoint of the analysis of foreign economic experience. The main thing here is the priority implementation of the resource saving and environmental protection policy with the subsequent implementation of "the polluter pays" principle. Court cases of water and air pollution distribute pollution costs in accordance with this principle. West German scientists believe that its total practical implementation requires that prices taken into account not only costs necessary for observing standards in the area of environmental protection, but society's ecological costs, i. e., the ecological damage, as well.

The introduction of wastefree technologies is stimulated both by mandatory normative payments for harmful effluents and indirectly—through the system of taxation. Certificates occupy a special place among market levers for regulating resource conservation. They additionally tax enterprises and organizations inflicting harm on the environment. The norm for the discharge of harmful waste that is fixed in the certificate is taxed at a relatively low financial rate. If the norm is exceeded, the payments rise substantially and the size of the discharge according to the certificate declines every year while the payments themselves are differentiated for individual branches and regions of the nation. 10

On the one hand, such a system encourages firms to make ecological investments. On the other hand, ecologically harmful production is the basis of a special fund that can be used to finance environmental protection measures. It should be noted that higher taxes on harmful effluents, sewage, and other waste evoke the protest of many specialists. They believe that the ecological effect of tighter legislation is incompatible with businessmen's expenditures to this end. To the contrary, it places them in a disadvantageous position compared with their foreign competitors. The attempt of the FRG government to introduce uniform tax legislation in this area within the framework of the EC is encountering the resistance of other members of the community.

Among the factors that influence the development of ecological equipment in the nation, state spending, subsidies, and low-interest financing are very important. For example, the FRG Compensation Bank (a federal financial institution located in Bonn) offers low-interest loans to firms and communes investing in nature conservation. What is more, it does this through local credit institutions. Through its loans, the bank orients consumers primarily toward small and medium-size industrial enterprises and communes, toward the implementation of nature-conservation and resource-saving.

measures. The bank promotes the implementation of such programs as the struggle against solid waste; environmental protection in the city; support for new technical means and technologies that are required for the protection of the environment and that demand considerable investments.

A new bank was established in Frankfurt am Main in February 1988. Its mission is to stimulate the production of alternate ecological products to pre-note the development of this process by offering low-interest (and some no-interest) loans, to support the ecological renovation of production at financially weak enterprises, etc.

Special regional funds are established for the purpose of resolving interbuaach problems in this area. Practical interest is provided by the experience of the town of Konstanz in the southern part of the nation where treatment plants process sewage from the FRG, Austria, and Switzerland. The three countries participated in the construction of the complex in proportion to the amount of sewage discharged by them. The problem of protecting Bodensee against pollution is resolved simultaneously with the treatment of sewage and the recovery of useful components of biogas.

The system of security prices and material remuneration provides economic stimulation for the procurement of secondary resources. In 1985 the country experiment with the collection of highly recyclable aluminum casing. Such containers for various beverages and food products comprise 15 percent of the total quantity of casing. Special automatic devices paying a nominal sum (3 pfennigs) per bottle or can were installed to promote the collection. The experiment was a success and this method of collection was introduced in most West German cities.

FRG systems for exchanging, buying and selling secondary resources and waste are of interest. Special exchanges and organizations that use computers to collect and accumulate data on various regions regarding supply and demand for secondary raw materials and are intermediaries in the exchange of various types of waste. Trade fairs are conducted, catalogs are developed, and data banks on waste and resource-conserving technologies are being developed. This essentially means the development of a broad marketing network in the area of resource conservation. Thus, the Union of German Chemists created the specialized "Waste Bank" back in 1973. This union selects partners free of charge for the realization of unutilized chemical industry wastes.

Hazardous production waste, like other secondary resources, are the subject of export-import operations. In 1985 the FRG exported more than 1 million tons of such waste, including 26,900 tons to the Netherlands, 2300 tons to Switzerland, 13,900 tons to France, 890,000 tons to Belgium, and 80,000 tons to the GDR. Between 1982 and 1988 exports of such waste from the FRG rose by 1.9 million tons or 6.5-fold.

Activity to conserve water and electricity consumption in the home, to introduce economical heating merits attention. As a result, 15.5 billion marks fewer were spent in 1986 on fuel from oil and natural gas than in 1985. The total saving in the home during this period rose by 167 billion marks or by 10 percent.

According to West German information services, the practical protection of nature (the ecoindustry) provides jobs for about 500,000 persons, and by the year 2000 the number of jobs will grow to 1,000,000: 290,000 will be connected with equipment to reduce the discharge of harmful effluents into the environment, 260,000—with human health-enhancing equipment, 240,000—with the monitoring service, and 210,000 with biological measures. The greatest increase in jobs is expected at solid-waste processing and recycling enterprises.

Preventive environmental protection is a principle that requires the implementation of all necessary and not merely the technically possible decisions. This means the development of fundamentally new, ecologically pure, wastefree, and resource-conserving technologies. The Federal Ministry for Research and Technology is financing 77 such projects in the sum of 135 million marks. State subsidies apply primarily to programs for using unconventional energy sources, the development of biotechnology which includes, in particular, the production of biogas from waste at public utility dumps, etc. Thus the financing of the "Applied Biology and Biotechnology" program rose from 111 million marks in 1984 to 213 million in 1987 or 1.9-fold. FRG industry in 1987 allocated 860 million marks for the development of biotechnological research (700 million in 1985).

FRG resource-conservation policy, as a priority direction of socioeconomic and ecological development, makes it possible to alleviate the problem of supplying the nation with raw materials and energy and promotes the protection of the environment. At the same time, capital investments in the ecology sphere are viewed as an integral element of scientific-technical progress that is called upon to secure the country's technological future. At the same time, activity is shifting from "protective" or "restorative" measures to the development of new, ecologically purer and economically more profitable technologies and products. This promotes the more economical use of basic resources (energy, raw materials, and water) and promotes the stable economic growth and the increased effectiveness of production.

Footnotes

- I. In the given material, "recycling" is equated with the concept "resource conservation" adopted in the Soviet literature. Foreign authors include the restoration, utilization, regeneration, and reuse of waste and secondary raw materials in this concept.
- 2. UMWELT, No 5, 1985, pp 418-422.

- 3. DIE ZEIT, 16 June 1989.
- ALLGEMEINE PAPIER-RUNDSCHAU, No. 49, 1986, p. 1715, 1716.
- ENTSORGA, No 8, 1986, pp 25-29; UMWELT, No 11-12, 1988, p 596.
- 6. UMWELT, No 3, 1989, p 86.
- AMSTBLATT DER EUROPAISCHEN GEMEIN-SCHAFTEN, 7 December 1987, NC 328/1-42.
- 8. ENTSORGUNGS PRAXIS, No 6, 1987, p 290.
- 9. Gunter Hauber, "Abfall-Ingenieur-Burger: gemeinsam das Mullproblem losen," Karlsruhe, 1989, pp 20-27.
- See MEMO, No 5, 1989, pp 107-115; FRANK-FURTER ALLGEMEINE ZEITUNG, 30 October 1989;
 DIE ZEIT, 15 October 1989.
- 11. UMWELT, No 3, 1989, p 126, "Daten zur Umwelt 1988/89," Berlin, 1989, p 459.

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BOOK REVIEWS

Book on West European Social Democracy Reviewed

904M0008M Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 1, Jan 90 pp 139-141

[Review by A. Veber of book "Zapadnoyevropeyskaya sotsial-demokratiya: poiski obnovleniya" [West European Social Democracy: The Search for Renewal]. Responsible editors: S. P. Peregudov, doctor of historical sciences; and V. V. Peschanskiy, doctor of historical sciences, Moscow, Nauka, 1989, 320 pages]

[Text] The heightened interest of researchers in social democracy as one of the main directions of modern socialist thought and practice is entirely understandable in the stormy discussions, moral and theoretical search, and broken stereotypes of our day. Nor did Soviet social science ignore it in the past. Step by step it overcame its hereditary legacy of prejudiced, dogmatic attitudes toward this influential current in the international labor movement. In the present stage, there are additional circumstances that stimulate research in the given direction.

One of these circumstances—this is the point of departure of the authors of the book under review—is the difficulties that social democracy has encountered since the early '80s. Several factors have contributed to its new situation: the crisis that followed World War II in the methods and forms of administration of state and socio-economic regulation, deep qualitative changes in the structure of the working class due to the technological

revolution and the restructuring of the economy of Western countries: the transformation of the very sphere of social democratic mass political activity that was expressed in the change in the character of traditional and new mass movements. These changes caught social democracy less prepared than its enemies in the bourgeois camp. The phenomenon of neoconservatism and the series of failures in the elections revealed the difficult problems confronting socialist and social democratic parties of the "identity crisis" and of adapting to changing socioeconomic and political conditions. Social democracy's opponents have not missed the opportunity to proclaim the beginning of its "twilight." This version has been widely adopted by many commentators and publicists. It has been echoed in the works of various researchers, including researchers in our country.

Even though such extreme judgments merit "the most earnest attitude toward them" (p 6), they are useful in the sense that they help to reveal the contrasts in the subject of research more poignantly. The last decade has become for social democracy a period of intensive intellectual effort to understand the social, economic, and technological changes that are intensifying both in bourgeois society and throughout the entire world, a time for reexamining obsolete and searching for new approaches and decisions, for new, long-term program reinciples. "Finding themselves in a difficult and frequently critical situation, the most dynamic forces in social democracy make serious efforts to modernize their parties" (p 7)—thus do the authors formulate their basic thesis. substantiating the need to determine how the social and democratic movement is changing and the direction of its development.

In order to answer these questions, the collective of authors must first of all analyze changes in the membership and electorate of parties and the impact of this factor on the evolution of the basic currents of social democracy and its ideological and political orientation. The first part of the book examines processes characteristic of the West European social democratic movement as a whole: changes in the mass base and political differentiation, economic views and practice, the approach to key problems of world politics. In the second part, this general analysis is reinforced by concrete material on individual parties, the specifics inherent in their development in the '70s and '80s are revealed. While acknowledging the complex, contradictory character of change in the West European social democratic movement and the increased differentiation of its ranks, the authors at the same time conclude that it has not by any means ceased to function as a unified whole. They point to the "broader process of ideological and political evolution that is oriented toward the development of common principles and approaches that are acceptable to all basic curren's. And they conclude that even though these difficulties have not yet been overcome, "the political role of social democracy and the potential that it retains and tends to increase must not be underestimated to any degree" (pp 317-318).

It is impossible to disagree with such a conclusion. It has also been confirmed by the development of events in the last 1.5-2 years, i. e., after the manuscript had been handed over to the printer. It was specifically during this time that a definite and clear trend discerned by the researchers was seen: increased mass dissatisfaction with certain aspects of neoconservative policy and the fact that socialists and social democrats were beginning to recover the positions they had lost. This trend, which was clearly seen in 1988 (presidential and parliamentary elections in France, regional elections in the FRG, etc.), was subsequently confirmed in the 1989 elections to the European Parliament where members of the British Labor Party in particular achieved considerable success: they received slightly more than 40 percent of the votes thereby significantly surpassing the conservatives themselves (32.4 percent).

It is impossible to demand complete and perfect assessments from researchers of modern political economy—after all, they are addressing processes that are far from complete. This circumstance is mentioned in the book more than once. Referring to it, the authors formulate their conclusions with due caution. It is entirely natural that the development of events, while confirming these conclusions for the most part, requires their correction on a number of not entirely secondary points.

Let us take, for example, the thesis of the growing differentiation of social democracy. This tendency, which was dominant in a certain stage, attracted the researchers' attention. But no less important is this "broader process" that leads to consolidation. Much is meant here by the characteristic social democratic type of thinking that perceives contradictions and conflicts as a normal condition, as the modus revends. The task of policy is seen to be not the elimination of contradictions. not the attainment of a certain "harmony," but the search for compromise solutions arrived at on the basis of dialogue, discussion, and a mutually recognized system of values. Today it is possible to see an intensification of the consolidation of many socialist and social democratic parties in Western Europe and indeed of the movement in general.

The description of economic views and practices of West European social democracy also requires refinement. The book (Chapter II) discusses the "renaissance of pian-type thinking" (p. 67)—a phenomenon that has truly been observed in many parties until recently. The principle of socialist planning and the planned economy was fixed in the Socialist International's Frankfurt declaration (1951) and in the programs of a number of parties. For example, the program of the Swedish Social Democratic Labor Party, which was developed under the direction of W. Palme (1975), stated that all economic activity had to be coordinated through the planned management of resources under the people's control. However, this provision was omitted from a recently published draft of the Swedish social democrats' new

program. Nor was the planning principle included in the new Declaration of the Socialist International's principles.

Of late, social democrats-both in the ruling and opposition parties-have spoken less about planning and more about the use of market factors. This incidentally does not mean the adoption of the neoconservative postulates of monetarism that was as before subjected to sharp criticism. Nor is the problem of the correlation between market and non-market factors eliminated. But while in the past, planning and the market were frequently contrasted against one another, today there is more discussion of the combination of the market and social control. What is more, the latter does not boil down to state intervention, but is understood in a broader sense—as the function of economic democracy in its various forms. While reexamining their assessments of the role and place of the state in the production sphere, the social democrats at the same time are in favor of preserving the attained level of social protection of citizens and are opposed to the subordination of such social spheres as social security, education, and health to the market.

While the book describes the social democrats' economic views quite widely and systematically, their economic practice is for the most part depicted through individual episodes: partial nationalization in France (1981) and Spain (1983), the creation of "working people's funds" in Sweden (the 1983 law), the "co-participation" of the working people in the management of production in the FRG (the 1976 law), etc. However, as social democracy's ideologues admit, economic policy is the most important problem that is discussed most of all. In this area, it has much experience, both positive and negative, that requires critical assessment.

Unfortunately the monograph la. .. a special chapter on Swedish social democracy which observed its 100th anniversary this year. This is perceived as a lamentable gap because many socialist and social democratic parties in Western Europe are oriented to one degree or another toward the "Swedish model." The economic results this country has attained after the social democrats returned to power in 1982 are illustrative. In 6 years (through 1988 inclusive), industrial investments rose by 60 percent, unemployment dropped to less than 2 percent, inflation was halved, the budget deficit, which was \$14.5 billion, declined to \$2 billion, and the real wage, which had declined by 8.6 percent between 1976 and 1982, rose by 5 percent. Well-conceived economic policy made it possible not only to secure the growth of economic effectiveness, but also to preserve the high level of employment and the social protection of the working people. And this convincingly refutes one of the main postulates of neoconservatism: the fundamental incompatibility of one and the other

For the sake of justice, it should be emphasized that the authors' collective for a number of important reasons which the reader is warned about in the introduction—

did not set itself the task of making a detailed and many-sided analysis of the ideological sphere. In particular, because when work on the book was completed, "features that are comparatively new compared with the recent past had not yet surfaced with sufficient determinacy" (p. fi). At the same time, it is said with certainty that by the time the book is published, there will be more and more such features. Indeed, the second draft of the new program of the Social Democratic Party of Germany (the work analyzes the first, so-called "Irzeyskiy" draft) was published in 1989. The draft of the new program set forth by Swedish social democrats has already been mentioned. Most important, 18th Congress of the Socialist International, which became a notable landmark in the development of program principles of international social democracy, was held. The congress adopted the new Declaration of the principles of the Socialist International, the report "On Ecological Security." and the platform of actions in the humanitarian sphere. New features surfaced with sufficient determinacy in the indicated documents.

Thus, the "modernization of social democracy" topic acquires broader measurement and must naturally be continued and developed. In their quest of modernization, social democracy and other progressive forces turn more and more to problems that are vitally important to all mankind. One of the future directions of research work in this area is seen to lie in coupling processes occurring in the social democratic movement with the international influence of reforms in the Soviet Union and other socialist countries. The reviewed work not only promotes the better understanding of the complex and contradictory evolution of West European social democracy, but also leads to the formulation of new research problems connected with understanding the modern essence of this movement as a whole.

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Review of Book Emphasizing Defensive Aspect of European Security

904M0008N Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA IR Russian No 1, Jan 90 pp 144-146

[Review by A. Nevedeyev of book "Sicherheit fur Europa" [Security for Europe] by Andreas von Bulow, Helmut Funk, and Albrecht von Muller, Koblenz, Bernard and Graefe Verlag, 1988, 228 pages]

[Text] The search for new approaches to the problem of European security has generated substantially increased interest in alternate military doctrines in a number of Western Europe's largest opposition parties. The alternate defense program of the Social Democratic Party of Germany, the basic elements of which are reflected in the reviewed book "Security for Europe" by West

German experts on war and peace—A. von Bulow, H. Funk, and A. von Muller—appears to be most developed and complete.

The question of an alternate military doctrine and of a program of military organizational development and planning in the FRG was first urgently raised in early 1955 in the process of defining the role and place of the Bundeswehr in NATO. In the course of the discussion, which heated up in the pages of DER SPIEGEL, the first system of views on the use of the Bundeswehr, which is oriented toward the defense of the nation's territory without the gradual escalation and use of nuclear battle-field weapons, was formulated. This variant was then forgotten for a long time and not until the last decade did it receive new life, this time under different political and military conditions.

The Social Democratic Party of Germany started the search for new approaches to the problem of European security, starting with its extraordinary congress (Cologne, 1983) that gave impetus to the formation of a new conception of security based on defensive structures. This approach was further developed at a congress in Essen (1984) at which, in addition to reaching a decision on medium-range missiles, experts were confronted with the task of formulating a new military strategy on the basis of three principles: rejection of the offensive potential in the operational range, reorientation toward defensive structures in the restructuring of the Bundeswehr, and the restriction of the Bundeswehr's tasks.

Only at the end of 1986 was the corresponding program adopted after long discussion at a party congress in Essen. The elaboration of A. von Bulow's "The West's Alpine Dreams Against the East's Alpine Dreams" was the document that was the basis for the latter. Many of its principles were reflected in the reviewed book in which the basic elements of the program and problems generating especially stormy discussion were presented.

In Chapter I ("World Order and Defense in Europe"), A. von Bulow discusses a number of key elements in the modern understanding of continental security. He believes that a defense doctrine in any variar' is possible only after there is recognition of the truth that all problems in the region must be resolved by peaceful political means. Hence the need to recognize the existing realities and legitimate interests of the opposing side. This concerns above all the results of World War II, the existence of two German states, and the quadripartite agreement on West Berlin, Special attention is devoted to the widely espoused thesis in the West that the Warsaw Treaty [Organization] is superior in certain arms and types of armed forces, especially in tanks and manpower (p. 14, 20).

The author believes that the military potential of the opposing sides must be evaluated and compared on the basis of not only quantitative and qualitative parameters of armed forces and armaments, but economic and

scientific-technical potential as well. Thus the scientific potential of NATO countries vis-a-vis the Warsaw Treaty Organization is 7:1 according to data cited in the work, and Japan's annual gross social product is higher than the corresponding indicator for the Soviet Union (p. 19). We add that NATO countries are also substantially superior in population size and other long-term parameters.

As regards the actual number of armed forces personnel and the quantity of equipment in use, the book notes that the Soviet Union's superiority with respect to the first indicator is entirely understandable because of its vast territory, security problems in the Far East, and internal needs, the threat from the superiority of the Warsaw Treaty Organization in tanks is largely exaggerated because the armed forces are equipped according to the principle of "Grandmother who throws nothing away" (p. 20, 23). Thus the thesis that the Warsaw Treaty Organization is superior to NATO in a general strategic sense is largely contrived and does not reflect the real state of things.

The method of the use of the armed forces and weapons is no less important. The author believes that the high cost of NATO's deep interdiction concept (FOFA) makes it practically unfeasible (p.40). The FRG government's plans for Bundeswehr manpower recruitment for the '90s, however, are unrealistic because of the acute shortage of young people of induction age (p.67). This expert believes that the preservation of the country's defense potential at an adequate level requires that the Bundeswehr improve in science-intensive directions oriented toward the maximum use of the advantages of terrain and engineer structures. Therefore defense doctrine here has no alternative, it must be strengthened by arms reduction and detente. One goal should be to return U. S. and Soviet troops to their own territory.

Developing his ideas in the chapter "Proposals on the Structure of the Bundeswehr in the "90s," the researcher writes that in the event Warsaw Treaty Organization countries refuse to follow the example of restructuring of the armed forces on the basis of the proposed defense doctrine, the FRG will be left with a real defense potential and not "a mythical FOFA or the threat of self-destruction by nuclear weapons" (p. 110).

A. von Muller analyzes ways of increasing the defensive potential without nuclear weapons and improving security policy and notes that practically all military systems have four basic indicators (subdivided into subparameters that are characteristic only of a specific type of weapons): fire power, mobility, protectedness, and informedness with respect to control and target designation. In his opinion, as a result of scientific-technical progress in the military area, the highest degree of development has been specifically in those that are oriented toward defense. Thus the supersority of the West in the area of technological development can be realized primarily in the context of defense doctrine. Considering the specifics of military organizational

development, tactics, and strategy, the scholar believes that this will be the first case in modern history where technological and scientific superiority of one of the sides realized in military doctrine will not in the least reduce the security of the opposing side, but will only reduce the threat to it (pp 72-74).

Nevertheless, despite all the authors' assurances that the new weapons systems necessary for the realization of the proposed defense doctrine based on the latest technologies will not present any danger to the opposing side, in our view such an approach cannot fail to arouse certain apprehensions. It is known that any weapons system that is used offensively and defensively can lead to a new spiral in the conventional arms race even if the means created are more effective defensively than offensively.

As a new method that has real chances for success in disarmament negotiations, A. von Muller proposes "cake-sharing": each of the sides evaluates its armed forces on the basis of certain number of points (for example, 10,000 points); the rate and size of armed forces reduction are determined (for example, 2 percent – 200 points for a half-year for a 10-year period); each side determines the specific forces of the enemy, comprising 200 points according to the preliminary assessment, that must be reduced.

The advantages of this method are: the side with the larger armed forces must reduce more—there is no need to strive for numerical parity since as a result of such reduction, asymmetries will automatically even out; moreover, each side will try to see to it that the enemy reduces the most dangerous offensive weapons and military formations, which will raise the defensive potential of the sides (p. 88).

However it must be noted that the proposed method also has serious shortcomings. Thus it practically does not agree with the idea of equalizing asymmetries in weapons systems or with the fact that a number of communications, early warning, and other military units cannot be reduced because they play a key role in military strategic stability in Europe.

We note that A. von Muller's proposals contradict the ideas of H. Funk who believes that it is necessary not only to equalize asymmetries initially but even to restructure Warsaw Treaty Organization armed forces according to the Western brigade model (instead of the usual battalion organization. Only then, in his opinion, will comparable, stable, truly defensive military structures be possible (p. 218).

The book views a variant proposed by the Pugwash movement in October 1986 as a step in the area of arms reduction. The proposal on demilitarized zones with different quantities and types of arms is one of the basic proposals advanced here. The first of them—300 kilometers wide with its "axis" on the FRG-GDR border—must be practically entirely demilitarized (pp 174-193).

The last three chapters are united under the heading "On the Road to a Safe Structure Secured by Trust." In the first of them, A. von Bulow reflects on the rule of the new thinking in the formulation of military doctrine. In the second, H. Funk constructs military structures corresponding to the safe confrontation of the two blocs.

"The doctrine of alliance," we read, "would remain unchanged: security through defensive capability and detente..." The strategy of alliance would be altered: "flexible response" in the three-stage sense would be replaced by conventional stability based on the principle "any attack is predictable and must end in failure." The tactic is based on the combination of the "shield" (forces intended for defense.—A. N.) that inflicts heavy losses on the attackers and the "sword" (forces intended for counterattack.—A. N.) that reliably and quickly destroys breaching enemy units" (p. 207).

In our view, these proposals by H. Funk concentrate the basic idea of the book: to begin forming conditions for a secure peace in Europe along the road of disarmament and mutual trust as a counterweight to official doctrines of NATO and the Bundeswehr (Ibid.).

The book's in-depth assessment of the military strategic situation with respect to key military-technical, mobilization, and political parameters in Europe confirms once again that these conceptions are not only outmoded but also that they are extremely dangerous. Therefore the proposals contained in it acquire particular significance for today and are important primarily in the struggle for the new, genuinely realistic thinking.

The book under review is one of the few that so completely presents the basic principles of alternate defense doctrine specifically in connection with the program for restructuring the Bundeswehr. Naturally it is also possible to disagree with the authors. For example, the proposal to divide the Bundeswehr into "shield" and "sword" forces, that are depicted as a defensive structure, sounds unconvincing (especially because NATO air and naval forces are excluded from the calculations). It is also difficult to agree with proposed criteria for evaluating the defensive and offensive potentials of various structures, etc. But the most important point is that this approach is instrumental in searching for and finding constructive solutions that are so urgently needed today at the pan-European negotiating table.

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Book on 'Underground' Nuclear Powers Reviewed 904M00080 Moscow MIROV 4YA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 1, Jan 90 pp 146-148

[Review by V. Davydov of book "The Undeclared Bomb. A Carnegie Endowment Book" by Leonard S. Spector, Ballinger Publishing Company, Cambridge, Massachusetts, 1988, 499 pages]

[Text] "The Undeclared Bomb" is a monograph devoted to the nonproliferation of nuclear weapons. L. Spector, its author is a Senior Associate at the Carnegie Endowment and a well-known expert on these matters. He worked as an adviser to a Senate subcommittee during the Carter administration and took part in drafting the American Nuclear Nonproliferation Act (1978). The book under review—the fourth in a row published in the '80s under the aegis of the Endowment—is written from the standpoint of the formulation of the necessary practical foreign political recommendations. This would seem to be its principal merit.

The prevention of nuclear proliferation is frequently called the "second front in the struggle against the nuclear threat." While the USA and USSR have been successful on the "first" [front] by concluding the INF Treaty and taking real steps toward a 50-percent reduction in offensive potential, on the "second" [front], the situation is not only deteriorating, but is frequently becoming uncontrollable.

Analyzing the situation in the given area, L. Spector warns that there are four de facto "underground" nuclear countries-Israel, India, Republic of South Africa, and Pakistan-in today's world. In his opinion, they attained nuclear status in the late '60s, early '70s, early '80s, and second half of the '80s, respectively. The most highly developed potential belongs to Israel which is thought not only to have mastered the production of second-generation, hydrogen weapons, but also to have integrated nuclear weapons into its armed forces and military planning (p 3). Even though none of these four countries has openly declared itself to be a nuclear power, their nuclear potential has nevertheless become a strategic reality in the world's most volatile regions. Clearly, the use of this potential in hostilities between warring nations would result in millions of human casualties. "Many experts believe," the author states, "that a nuclear confrontation involving one of the undeclared nuclear states can become a catalyst of a global nuclear holocaust '(p 4). The further spread of such weapons will increase the risk of conflict between "nuclear threshold" countries with the use of conventional armed forces against nuclear objects, their unsanctioned use, and nuclear terrorism.

L. Spector calls attention to a new measurement of the problems under examination: the "missile aspect." All "underground" nuclear countries, he notes, are trying to develop or acquire missile delivery systems for "super-weapons." Israel has already tested the Jericho-2 medium-range missile system. It is entirely possible that it is cooperating with the Republic of South Africa in the development of cruise missile production technology. India, Pakistan, Argentina, and Brazil have space programs that could be reoriented along military lines. Missile programs exist in South Korea, Taiwan, I'aq, and Iran. While in the past, the development of nuclear

missile delivery systems was considered extraordinarily costly and time-consuming, the wide accessibility of the appropriate technology in the world arms market makes it possible to solve this problem with less effort and in a shorter period of time. What is more, "nuclear threshold" countries' mastery of the technology for producing ballistic missiles may become an incentive for acquiring weapons. As the book notes, "the potential dangers to global security from the further spread of nuclear missiles to regional powers are profound." This opens up new spheres of tension in the Near East and South Asia. The appearance of ballistic missiles in volatile regions "increases the risk of a superpower nuclear confrontation" (p. 34).

In 1987 seven industrially developed countries with the USA at their head discussed the establishment of a regime to control exports of missile equipment and technology. The USA, the United Kingdom, France, the Federal Republic of Germany, Itiily, Canada, and Japan resolved not to supply other countries with ballistic missiles with a range in excess of 300 kilometers and a payload carrying capacity of more than 500 kilograms. The author states that "the greatest weakness of the missile-technology regime is the lack of participation by key supplier countries." The reference is to the USSR, the PRC, Sweden, Switzerland, and Belgium, "Participation of the USSR," we read, "would give the regime considerably more political weight" (pp 42-43).

Another question on the agenda in the author's opinion is the development of joint American-Soviet measures for exerting diplomatic pressure on countries whose missile-building efforts present the greatest threat to world security. L. Spector deems it necessary in particular to exert unremitting pressure on Israel and India not to develop long-range ballistic missiles (p. 45). The existence of ten or so de facto "nuclear threshold" countries requires that serious corrections be made in the world arms trade—especially in missiles and aircraft trade—with the aim of preventing their potential use as nuclear warhead and bomb delivery systems (p. 59).

As the book notes, notwithstanding the obvious acceleration of the rate of these countries' nuclear preparations, "it does not meet powerful resistance on the part of the international community." The author believes that the reasons are simple the USA and USSR perceive relations with them as strategically important and hence they are reluctant to impose tough nonproliferation measures (p.4). As a result, "underground" nuclear states do not pay attention to possible sanctions against them, considering them to be a small price to pay for the security and prestige benefits of possessing a ready nuclear deterrent" (p.5).

L. Spector emphasizes that Pakistan has cleverly used U.S. interest in strengthening military ties with Pakistan for actions against the "Kabul regime" (p. 129). Islamabad receives regular military and economic aid. Specialists believe that it has the capacity to produce 15 nuclear bombs by 1991. Evaluating the prospect for

exerting stronger pressure on Pakistan after the withdrawal of Soviet forces from Afghanistan, the researcher notes the possibility of a change in Washington's course in the direction of the more consistent restraint of Islamabad's nuclear ambitions. At the same time, the very existence of a nuclear potential here places limits on American diplomatic efforts. In the scholar's opinion, the USA must try to freeze the further production of nuclear materials in Pakistan (p 148). In the absence of coordinated efforts of other countries to curb nuclear preparations in South Asia, he believes that it will be very difficult to halt the growing nuclear rivalry between Pakistan and India (pp 108-109).

Experts believe that Israel's potential ranges between 100 and 200 nuclear weapons (p 166). L. Spector calls attention to the fact that officials here have abandoned the tactic of remaining silent over the possibility of creating nuclear weapons: "Their veiled references to Israel's nuclear might are becoming more common" (p 164).

In the author's opinion, the acquisition of chemical weapons and missile delivery systems by neighboring Arab states forces Israel to devote increasing attention to the nuclear deterrence potential (p 186). Washington has practically closed its eyes to the nuclear efforts of its main ally in the Near East. However the prospect of medium- and long-range missiles in the arm d forces of Near East countries increases the long-term risk of nuclear conflict between the USA and the USSR and threatens their national security interests. It is specifically with the aim of its neutralization that the author advises the American administration to exert unremitting pressure on Tel Aviv to show restraint in the development of its missile potential (p 189). Israel's nuclear potential in the foreseeable future will be the main factor determining the strategic situation in the Near East. In this context, the scholar believes, hopes for nonproliferation gains are best focused on initiatives aimed at reducing the risk of using nuclear weapons and at increasing military and political stability in the volatile region (ibid.).

The Republic of South Africa is capable of producing 14-23 nuclear weapons from its stockpile of fissionable materials (p 293). In the researcher's opinion, the principal danger of Pretoria's possession of nuclear weapons is that this might stimulate their proliferation. He believes that at a time when the national liberation struggle is growing within the Republic of South Africa, the possibility cannot be excluded that Pretoria will test nuclear weapons with the aim of bolstering the position of the government of the white minority and of intimidating opposition forces. There is also the danger that in the event of internal political disorders, a radical grouping might seize control of nuclear weapons and even use them (p 287). Repeated declarations by Pretoria that it is ready to place its nuclear installations and materials under the control of the International Atomic Energy Agency look like a "diplomatic device" to mask its real plans in the nuclear sphere. In any event, the

author states, there will be "events of high drama in South African nuclear affairs" (p 300).

Summing up the results of his analysis, L. Spector concludes that in today's world, where a number of countries already have undeclared nuclear bombs and missile delivery systems, it becomes extremely difficult for the international community to prevent the further spread of nuclear weapons (p 326). There are grounds for the scholar's alarm. However, there is something else that is alarming: the author's willingness to be reconciled to the development of such a pernicious process. Of course, ignoring the existing realities can have catastrophic consequences for international security. including U.S. and Soviet security. This is why efforts to strengthen the nonproliferation regime, to neutralize the risk of involvement in a military conflict that might be unleashed by new nuclear states acquire fundamental importance. The other question-how to reverse the process of nuclear proliferation—is no less important. The importance and challenge of this task require that members of the world community reassess their interrelations so as to attain a degree of cooperation in the "second front" of the struggle against the nuclear menace that is unprecedented since World War II.

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Review of Book on France's African Policy

904M0008P Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 1, Jan 90 pp 149-150

[Review by P. Cherkasov of book "Afrikanskaya politika Frantsii" [France's African Policy] by E. G. Georgiyev, Moscow, "Mezhdunarodnyye otnosheniya, 1988, 270 pages.

[Text] Of all the Western powers (with the possible exception of the USA), France pursues the most active Third World policy. The priority sphere of its foreign political interests here is the African continent where this country has retained firm economic, cultural, ideological, and even military-political positions since colonial times.

The reviewed monograph is the first general study of French postcolonial policy in Africa in the '60s through the '80s in our literature. The author reveals the deep historical roots of the French "presence" on the continent first and foremost in its French-speaking zone. We recall that 18 of the 50 members of the Organization of African Unity were once French colonies; French is considered the state language in 12 countries and is spoken in addition to English in 20 of them.

The work points to numerous reasons behind increased French political activity in this region of the world. Among them: the still strong ties between the former mother country and the former colonies; the expansion of French capital which plays an important role in the economy of many countries on the "Black Continent"; interest in obtaining mineral raw materials and in the intensive exporting of its industrial products (in 1985, this are accounting for approximately 12 percent of all French exports); the persistent desire of Paris to draw upon Africa (and on the Third World in general) for the support of its international positions.

The author calls attention to the consistency and continuity of this policy in the last 3 decades. The monograph analyzes all stages and directions of French policy on the continent since decolonization and describes it in detail under presidents de Gaulle, G. Pompidou, and V. Giscard d'Estaing.

E. Georgiyev devotes primary attention to the study of the present stage which began with the socialists' assumption of power in Paris in 1981. The analysis is based on a comparison of the position of the French Socialist Party while it was in the opposition and the real policy that the socialist government has pursued starting in the summer of 1981. A good picture is presented of the evolution of F. Mitterand's views of African policyfrom the times when he twice headed the Ministry of Overseas Territories during the years of the Fourth Republic, before he became the leader of the French Socialist Party in the early '70s, and later in May 1981, after he became the president of the country. Much in his position has changed during this time, but it is characteristic that then, in the '50s, and now in the '80s, he considered the French "presence" here not only necessary but also vitally important for France's interests. "Without Africa, France will have no history in the 21st century," he wrote in 1957. Upon becoming president, F. Mitterand continuously emphasized his dedication to a most active policy in this part of the world. At the same time there has been a significant increase in aid to African partners, the sphere of Paris' interests on the continent has expanded, and the course of the military "presence" has continued (let us recall the events in

The French Socialist Party, highly critical of the African course of the center-right administration, when it came to power, advanced the slogan of its modernization along the lines of democratization and humanization. It even proclaimed solidarity with national liberation movements. While the socialists were able to accomplish certain things-and this is shown well in the book, nevertheless the power of inertia and the long-term interests of French capital on the continent proved to be stronger than good ideological postulates. Starting already in the summer of 1982, as the work justly notes, the socialists' reformist surge dried up under the influence of the sharply deteriorating internal economic situation and the retreat to the old positions began. Continuity also dominated modernization in the area of African policy. "This was manifested," we read, "in the support of especially close relations with "moderate" regimes, in the use of economic pressure, in the strengthening of the military presence, in the subversive activity

of special services, in interventionist actions in Chad, in the approach to conflict situations, in the reluctance to regulate disputed territorial problems with African countries" (pp 123-124). The particular dissatisfaction of the African and French public was evoked by continued economic cooperation with racist Pretoria even though the socialists condemned the apartheid regime in words. Not until 1985, when racist terror became rampant in the Republic of South Africa, was the socialist government compelled to take a number of demonstrative measures to limit this cooperation.

An indisputable merit of the monograph is its in-depth and detailed analysis of the existing mechanism of Franco-African cooperation. Here the author has assembled a wealth of factual material in the greatest detail and has revealed the role of numerous institutions in the development of such relations of the Fifth Republic: the president of the republic and his personal staff, the prime minister and the intelligence agencies subordinate to him (which play a little-noticed, but very important role in conflict situations in Africa), and various ministries.

But E. Georgiyev did not confine himself to the investigation only of the "official" side of Franco-African cooperation, after showing its less visible side, in particular the role of political parties, trade unions, other social organizations, associations of businessmen and individual companies and firms, and various "pressure groups." All this substantially enriches the understanding of the well organized mechanism of Franco-African cooperation.

The concluding chapter of the book, in which the author for the first time in our literature defines the existence and degree of firmness of French positions in different regions and countries on the continent at the end of the '80s, is of considerable interest. He includes in the sphere of the "special interests" of Paris North, West, and Central Africa, substantiating his conclusions with numerous facts and statistical data.

While giving a generally positive assessment of this substantive work, it is impossible not to make a number of critical comments.

First of all, in my view even though the picture of Franco-African cooperation is multicolored, it is nevertheless somewhat onesided. If we confine ourselves to the author's assessment of French policy in Africa as "neocolonialist and unequal," the obvious interest of African countries in such "unequal" relations remains incomprehensible. Why do these countries themselves, including the non-French-speaking countries and even countries with a socialist orientation, openly aspire to develop cooperation with France? Why do those who at one time had various military agreements "forced" upon them that "encroach their security and sovereignty" are in no hurry to dissolve them and even frequently appeal to Paris for military aid? Unfortunately these important questions remain unanswered.

It is difficult to agree that the idea of drawing support from the Third World originated in French foreign policy only when the socialists came to power in 1981 (p 5). In actuality it was advanced by General de Gaulle immediately after decolonization and the end of the Algerian war in 1962. It conceived Third World support as an effective means of withstanding the "hegemony of the superpowers." The founder of the Fifth Republic even dreamed of making France into a unique leader and a representative of Third World interests in the international arena. Incidentally, bourgeois historians are not so prone to exaggerate the positive role of de Gaulle in the decolonization of French overseas possessions, as E. Georgiyev suggests (p 32). History itself in the given instance testifies in favor of this outstanding statesman who had the perspicacity and courage to draw a line under the colonial history of his country, overcoming not only the powerful resistance of the influential ultracolonialist lobby, but also the lack of understanding by those in his immediate environment. De Gaulle's pragmatism, about which the author spoke, was nothing other than political realism in the given instance. It is essential to emphasize the significantly preventive nature of the decolonization of French Tropical Africa (carried out by the general under pressure of the national liberation movement). Is this not one of the secrets behind the firmness of the positions of Paris in French-speaking Africa?

It would seem that the author also underestimated the ideological aspect of the African policy of the socialist government resulting from the pre-election program of the French Socialist Party. During the first year they were in power, the socialists entirely sincerely (and, we add, vainly) tried to realize individual principles of their policy in concrete policy. The work for some reason also ignored manifestations of solidarity with national liberation movements. But after all, this solidarity has not remained exclusively on paper and has found reflection in the foreign policy practice of Paris.

Nevertheless, E. Georgiyev's book is a serious and thorough study of one of the most important (and not yet studied in our country) directions of modern France's foreign policy.

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Book on Third World Debt Reviewed

904M0008Q Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 1, Jan 90 pp 151-153

[Review by V. Shitov of book "The Road to Economic Recovery. Report of the Twentieth Century Fund Task Force on International Debt," New York, Priority Press Publications, 1989, IX + 123 pages]

[Text] The book under review: "The Road to Economic Recovery" is a report by an international task force of the Twentieth Century Fund, an influential American nongovernmental organization. Founded in 1919, the Fund analyzes political, economic and social problems of world development. The task force, which includes well-known economists, political figures, representatives of banking institutions, and journalists, set itself the task of making recommendations on the regulation of the developing countries' foreign indebtedness.

The work's authors subscribe to the view that the broad and unconditional reduction of the foreign debt is not a constructive solution to the problem because on the one hand it does not guarantee economic growth in the developing countries and on the other hand it works to the serious detriment of the creditor nations. However in their point of view it is equally unrealistic to insist that the debtors strictly observe all their payment obligations in accordance with the existing credit agreements. They are simply unable to service the foreign debt entirely without causing the serious deterioration of their internal political and economic situation. The report consequently pursues the idea that the problem of the developing countries' foreign debt must be addressed simultaneously in several directions and necessarily takes into account the interests of both debtors and creditors (p 5, 6, 7).

The works indicates that the efforts of the task force were oriented toward the search for solutions that could turn the flow of financial resources from the developing countries in the reverse direction while simultaneously urging debtor nations to restructure their economies and to increase investments in production (p 9). Obviously, such a goal necessarily presupposes as a minimum the long-term reform of interest payments on the foreign debt and the reduction of debt principal. The authors are fully aware of these circumstances and base their recommendations on them. The key proposal of the research group is that only interest on commercial credit be fully paid in U. S. dollars. In the opinion of the experts, other interest on foreign debts must be partially coupled to principal and must be partially repaid in the local currency of debtor nations. The correlation between the coupled and paid parts must be determined on the basis of the debtor nation's financial status (Ibid.).

The advocates of this solution see its positive aspects to lie in the following. It is assumed that the outflow of financial resources from Third World countries will be stemmed. Consequently they will have no need to maintain the policy of reducing imports (including investment goods) and of curbing their own capital investments in their own economy—a policy they are forced to pursue in order to service their foreign debt. Liberated funds must be used for the needs of productive accumulation (and in order to secure this, it is proposed that the developing countries steer a course of liberalization within their economies). What is more, while at the present time such countries are compelled to lower the exchange rates of their currencies in order to improve foreign trade balances, thereby permitting inflationary pressure on the economy to grow, the work's authors

believe that the proposed reform of interest payments on the foreign debt can lead to a real rise in the exchange rates of the currencies of debtor nations. This in turn will be an important step toward the creation of conditions for the return of former "fugitive" capital and consequently toward the additional expansion of the potential for productive accumulation. Such a measure will also help to reduce the inflation burden. Economic growth in debtor nations and the stabilization of their financial status must be the aggregate result (p 10).

The scenario described above looks quite attractive. However in our view it contains three vulnerable points. First of all, it is noteworthy that the proposed reform of interest payments on the foreign debt is conditional upon the conclusion of an agreement between creditor nations and debtor nations that would require the latter to pursue "appropriate" internal economic policy. In practice, such an approach, in the opinion of one of the authors, "will in reality mean interfering in the internal affairs of sovereign states." It is not by chance that some members of the task force considered it necessary to state their special opinion on a given question, properly considering the indicated condition of reforming interest payments on the foreign debt to be "counterproductive" (p 11). Incidentally, a similar scenario is already being used within the framework of the "Paris Club" and is generating major contradictions.

The second vulnerable point is that the coupling of interest to principal leads to the increase in the latter and hence to the growth of aggregate interest on the debt. As a result, future payments of developing countries on servicing their foreign debt will be higher. The proposed decision thus means only a temporary but quite costly breathing spell because when it is over, the outflow of financial resources from debtor nations in the form of interest payments will resume on a higher scale.

It should be noted, to be sure, that the realization of the task force's other recommendation to modify the mechanism for servicing the foreign debt can attenuate the situation somewhat here. The reference is to a proposal to coordinate interest payments with the economic situation in debtor nations that would be evaluated on the basis of certain indicators. More concretely, its essence is that the payment of interest would be automatically established while the growth rates of per capita national income or the export earnings of the developing countries were declining (p 12). However this approach also fails to eliminate the very danger that principal and aggregate interest will grow.

Finally, this scenario contains one more contradiction. The fact of the matter is that according to economic theory the rise of the exchange rates of currency does not in itself stimulate the repayment of capital because it loses part of its value when it is converted into these currencies. Repayment is theoretically possible if the interest rate on bank loans ultimately rises in debtor nations. However when the latter rises, business activity and investment decline. Thus the authors' premise

regarding the expansion of productive accumulation on the basis of the return of capital from overseas is not substantiated.

But what does the task force propose to reduce the principal of the foreign debt of Third World countries? In its opinion, indebtedness should be converted to stocks through deals ("swaps") to this end on the one hand and on the other hand governments and private persons in debtor nations should redeem debt obligations (engage in "buy-back" transactions) in secondary markets (p. 13, 14). These recommendations in themselves can hardly lay claim to originality. At any rate, the mark«1 mechanism has as yet been able to open up limited opportunities to reduce the debt, which is admitted in the report proper (p 13). The new feature is that the task force proposes the establishment of a special international subdivision to promote "swap" and "buy-back" deals. The work distinguishes between two variants of its institution.

According to the first, the role of middleman between debtor nations and creditor nations with the function of collecting information about possibilities that open up in secondary markets and the elaboration of new methods of refinancing the foreign debt and its servicing is assigned to this institution (p 15). According to the second variant, the subdivision itself will acquire at a discount payment demands that are made by commercial banks on the developing countries and will then conduct negotiations with debtor nations concerning the terms of loan repayment. In the authors' opinion, it would be preferable to create a subdivision with such functions under the World Bank. It is demanded that the governments of creditor nations participate in the formation of the financial resources of the given subdivision (p 16, 17). The second variant unquestionably looks more attractive. But is it realistic? Will it be well received by government of creditor nations? It is difficult to give a positive answer to this question, considering the position taken in the past by the leading Western powers on the developing countries' debt problem.

In summation, we note that while the recommendations of the Twentieth Century Fund Task Force are by no means radical in their content, they nevertheless represent a step forward to a certain degree. It is specifically this that determines the significance of the thorough job performed by the experts. The reviewed book would seem to be of interest to the reader for one more reason: he will find a vast body of factual material on the origin of the foreign debt crisis, its present scale at the national level, and the slow evolution of approaches to the solution of such an important problem.

Footnotes

1. The intergovernmental organization of capitalist creditor nations (also known as the Group of Ten) was established in Paris in 1961 on the basis of the decision

of the IMF Board of Governors for the purpose of coordinating credit and financial policy.

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Review of Book on New Developments in Western Labor Market

904M0008R Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 1, Jan 90 pp 153-154

[Review by V. Shishenko of book "Labor Market Flexibility. A Comparative Anthology." Ed. by Hedva Sarfati and Catherine Kobrine, Aldershot, Gower, 1988, 355 pages

[Text] The conditions of management in the developed capitalist countries, that are changing under the influence of the present stage of scientific-technical progress, are making higher and to a considerable degree new demands on the work force. The reviewed collection of articles edited by H. Sarfati and C. Kobrine, leading experts with the International Labor Organization (ILO): "Labor Market Flexibility. A Comparative Anthology" is an analytical survey of problems in the formation of the modern capitalist labor market.

The authors view the flexibility of the aggregate work force as an important factor in the formation of the new mechanism of functioning of the labor market. This problem is analyzed in two directions. The first is based on the approach to the studied phenomenon from the standpoint of securing continuous employment and preserving his job, occupation, and level of income. The second accentuate quantitative and qualitative changes in the structure of employment, in the organization of labor, and in the search for ways of adapting the worker to the labor process. In our view, it is specifically the second direction that integrates all components of the flexible labor market: changes in the structure of wages, forms of employment, organization of the labor process, measures to regulate the labor market and increase the mobility of the work force, changes in the educational and training system

How are these components evolving in the direction of making the labor market more adaptable to technological and structural changes in the economy? The researchers show the many changes that have taken place in the structure of wages by virtue of variations in their level, the diversification of forms depending on the nature of activity, the skill level of the work force, and general enterprise profits. At the same time, as the collection notes, the picture varies from country to country. Thus in France, a system for the individual pay of personnel is gaining wide acceptance; in the FRG, the role of non-wage costs is rising; in the USA there is a more subtle differentiation of remuneration for labor (pages 203, 206, 218).

The development of new forms of employment is one of the key points in the increased flexibility of the work force. The book's thesis that traditional forms of employment are insufficient for adapting enterprises to the new conditions of management and do not correspond to qualitative changes in the labor market appears well founded. So-called "atypical forms" of employment (seasonal, temporary, part-time), illegal work, and "unpaid employment" for the unemployed are becoming common features in the labor market. Thus in Norway in 1984, for example, 28 percent of the economically active population was partially employed. The analogous share in Sweden and the United States at that time was 24 percent (p 17). In the USA between 1978 and 1985, the number of temporarily employed persons rose by 104 percent; in France between 1982 and 1985-by 40 percent. Subcontracting, which has become widespread in the service sphere, provides employers with a unique means of rotating personnel.

The collection contains interesting factual material describing the complex of changes in the organization of working time and ways of rationalizing labor as exemplified by a number of developed capitalist countries. A prominent place is devoted to the problem of work force mobility. It is noted that the movement here is along the lines of developing a multi-specialty worker on the basis of his rising educational and vocational training level, the combination of different specialties and types of labor activity, and the improvement of material incentive systems (p 350). The only unfortunate thing in our opinion is the fact that the book's definition of labor power mobility lacks sufficiently precise criteria.

The examination of the positions of trade unions on questions connected with raising the flexibility of the labor market seems very important. According to data cited in the book, most collective contracts call for flexible working time schedules and various forms of partial employment. Others emphasize the stimulation of the vocational mobility of through the mastery of several specialties and the "rationalization of labor" (p 90).

At the same time, in the opinion of Professor E. Cordova (one of the heads of the ILO's department of labor legislation and labor relations), the excessive development of "atypical" forms of employment can result in the introduction of negative features into the trade union movement, especially in the conclusion of labor contracts, can lead to the violation of the principles of stability and integrity of production systems, to negative changes in attitudes toward labor and in the behavior of workers, and in the level of wages (p 21). As the author emphasizes, the trade unions must react more actively to such phenomena since their influence among the masses might otherwise diminish (p 292).

The reaction of trade unions themselves to the increasing flexibility of the work force is noteworthy in this regard. Thus in the opinion of M. Hinterscheid, chairman of the

European Trade Union Confederation, the most important tasks in this area are: the strengthening of the rights of trade unions and the protection of social attainments; the development of measures corresponding to new forms of trade union activity; the strengthening of solidarity with the unemployed; the attraction of new categories of working people to trade unions; the organization of centers for the training and advanced training of youth (pp 185-192).

The book also reflects in detail a number of state measures to stimulate the flexibility of the labor market. In Belgium, for example, it is a whole "program of economic rebirth"; in Canada, it is a complex of state measures to expand the participation of women in production; in France, it is a modernization program without dismissals; in Sweden, it is a program for the support of employment, etc. (pages 227, 235, 255).

The different assessments in the collection of the impact of labor market flexibility on unemployment are noteworthy. On the one hand, it is assumed that the development of new forms of employment will promote the rapid reduction of the latter (p 70). But at the same time, with the spread of "hybrid," "marginal," and "peripheral" types of employment, the researchers believe that the line of demarcation between the employed and unemployed is obliterated (p 24).

Also timely, in our view, is the book's analysis of so-called "unpaid employment" for unemployed—their participation on an unpaid basis in the activity of philanthropic and church organizations and municipalities with the aim of preserving their functional production skills. Thus, for example, in 1983 about 3000 persons were engaged in this type of employment; in Great Britain in 1984—63,000 (p 295).

In summation, we note that the reviewed publication reflected only individual aspects of the formation of the new, flexible labor market without special analysis of the socioeconomic significance of future and already observable consequences. Nevertheless, on the whole its content is of interest because it reflects Western scientists' views of new phenomena in the dynamics of the capitalist labor market.

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List of Books Recently Published

904M0008S Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 1, Jan 90 p 155

[Text] Alekseyev, I. A., Nagornyy, A. A., and Parkanskiy, A. B. "Amerikanskiye kitayevedy ob ekonomike i politike Kitaya segodnya i zavtra" [American Sinologists on Chinese Economics and Politics Today and Tomorrow]. Moscow, Nauka, 1989, 302 pages.

Alekseyev, S. S. "Sobstvennost—pravo—sotsializm. Polemicheskiye zametki" [Property—Law—Socialism. Polemical Notes]. Moscow, Yuridicheskaya literatura, 1989, 175 pages.

"Amerika, kakoy my yeye vidim" [America as We See Her]. Responsible editor: S. M. Plekhanov. Moscow, Mezhdunarodnyye otnosheniya, 1989, 110 pages.

Butenko, A. P., 'Sovremennyy sotsializm. Voprosy teorii' [Contemporary Socialism. Theoretical Problems]. Moscow, Politizdat, 1989, 303 pages.

"Vneshneekonomicheskaya deyatelnost v SSSR. Dokumenty, spravochno-informatsionnyye i metodicheskiye materialy" [Foreign Economic Activity in the USSR. Documents, Reference, Information and Methdological Materials]. Compilation, editing, line notes, and foreword by PKK "Interkontakt" (Moscow), Riga, Obshestvo Fotoiskusstva LaSSR (with the participation of the LASSE cooperative), 1989, 653 pages.

Dadayan, V. S. "Orbity planetarnoy ekonomiki" [Orbits of Planetary Economics]. Moscow, Nauka, 1989, 192 pages.

"Delovoy mir. nauka, ekonomika, statistika, finansy. Daydzhest pressy" [The Business World: Science, Economics, Statistics, Finances. Press Digest]. Moscow, Finansy i statistika, 1989, 144 pages.

Yeliseyev, M. G. and Snapkovskiy, V. Ye. "Dva germanskikh gosudarstva i yevropeyskaya bezopasnost. Istoriya i sovremennost" [The Two German States and European Security. Past and Present]. Minsk, Nauka i tekhnika, 1989, 152 pages.

Izvolskiy, A. P. "Vospominaniya" [Reminiscences]. Translated from English. Moscow, Mezhdunarodnyye otnosheniya, 1989, 191 pages.

Kaddafi, M. "Zelenaya kniga" [The Green Book]. Moscow, Mezhdunarodnyye otnosheniya, 1989, 160 pages.

Kamikonko, V. F. "Roboty i samurai. Radio i televideniye v sovremennoy Yaponii" [Robots and Samurai. Radio and Television in Modern Japan]. Moscow, Iskusstvo, 1989, 174 pages.

"Kooperatsiya i arenda. Sbornik dokumentov i materialov. Kn. I" [Cooperatives and Leasing. Collection of Documents and Materials. Book I]. General editors: V. I. Akulinin and V. L. Savakov. Moscow, Politizdat, 1989, 382 pages.

Loginov, V. P. "Rezervy ekonomicheskogo rosta" [Economic Growth Reserves]. Responsible editor: L. I. Abalkin. Moscow, Nauka, 1989, 304 pages.

Makarov, S. F. "Menedzher za rabotoy" [Manager at Work]. Moscow, Molodaya gvardiya, 1989, 239 pages.

"Narodnaya Respublika Benin. Spravochnik" [People's Republic of Benin. Handbook]. Editorial collegium: N. I. Gavrilov, et al. Moscow, Nauka, 1989, 191 pages.

"Narodnoye khozyaystvo sotsialisticheskikh stran v 1988 godu. Soobshcheniya statisticheskikh upravleniy" [National Economy of Socialist Countries in 1988. Reports of Statistical Administrations]. Moscow, Finansy i statistika, 1989, 240 pages.

"O nikh govoryat (20 politicheskikh portretov). Politicheskiye portrety zarubezhnykh deyateley" [They Are Talked About (20 Political Portraits). Political Portraits of Foreign Figures]. Moscow, Politizdat, 1989, 447 pages.

Osmova, M. N. and Sokolov, A. I. "Protivostoyaniye ili vzaimodeystviye" [Confrontation or Interaction]. Moscow, Mysl, 1989, 189 pages.

"Perestroyka i sovremennyy mir" [Perestroyka and the Modern World]. Responsible editor: T. T. Timofeyev. Moscow, Mezhdunarodnyye otnosheniya, 1989, 350 pages.

Pozdnyakova, A. P. "Respublika Malavi. Spravochnik" [The Republic of Malawi. Manual]. Moscow, Nauka, 1989, 186 pages.

"Postizheniye. Sotsiologiya. Sotsialnaya politika. Ekonomicheskaya reforma" [Comprehension. Sociology. Social Policy. Economic Reform]. Moscow, Progress, 1989, 591 pages.

Seyafulmulyukov, I. A. "Strany OPEK v razvivayushchemsya mire" [OPEC Countries in the Developing World]. Moscow, Nauka, 1989, 190 pages.

Sinetskiy, B. I. "Vneshneekonomicheskiye operatsii: organizatsiya i tekhnika" [Foreign Economic Operations: Organization and Technique]. Moscow, Mezhdunarodnyye otnosheniya, 1989, 381 pages.

"Sovmestnyye predpriyatiya, mezhdunarodnyye obyedineniya i organizatsii na territorii SSSR. Normativnyye akty i kommentarii" [Joint Ventures and International Associations and Organizations in the USSR. Normative Acts and Commentary]. Responsible editor: G. D. Golubov. Moscow, Yuridicheskaya literatura, 1989, 639 pages.

"Sotsialisticheskaya kooperatsiya: istoriya i sovremennost" [The Socialist Cooperative System: Past and Present]. Moscow, Nauka, 1989, 224 pages.

"Spravochnik po voprosam Kompleksnoy programmy nauchno-tekhnicheskogo progressa stran-chlenov SEV do 2000 goda" [Manual on the Comprehensive Program for the Scientific-Technical Progress of CEMA Member Nations up to the Year 2000]. Moscow, Vneshtorgizdat. 1989, 118 pages.

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Faktor, G. L. "V petle goloda: tragediya razvivayushchikhsya stran" [In the Noose of Hunger: The Tragedy of the Developing Countries]. Moscow, Politizdat, 1989, 157 pages.

Fursenko, A. A. "Prezidenty i politika SShA: 70'ye gg." [U. S. Presidents and Politics in the '70s]. Leningrad, Nauka, 1989, 295 pages.

Chayanov, A. "Kratkiy kurs kooperatsii" [A Short Course on the Cooperative System]. Reprint of the 1925 edition. Moscow, Krazhnaya palata, 1989, 80 pages.

Shagov, V. Yu. "Mezhdunarodnyy kredit pri sotsializme: metodologiya, teoriya, praktika" [International Credit Under Socialism: Methodology, Theory, Practice]. Moscow, Finansy i statistika, 1989, 127 pages.

"Ekonomicheskaya sotsiologiya i perestroyka" [Economic Sociology and Perestroyka]. General editor: T. I. Zaslavskaya and R. V. Ryvkina. Moscow, Progress, 1989, 229 pages.

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News of Institute Meetings, Activities

904M0008T Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 1, Jan 90 pp 156-157

[Text] A regular meeting of the Scientific Council of the USSR Academy of Sciences IMEMO heard and discussed the report by K. G. Kholodkovskiy, doctor of historical sciences; acting sector head, Department of Social and Internal Political Problems of the Developed Capitalist Countries: "The Interaction of Leftist Forces and the Democratic Alternative." As the speaker noted, in connection with serious changes in the situation in bourgeois countries in the last 10-15 years, our traditional approaches to problems of interaction of leftist forces and the formulation of their platform that are reflected in the conception of the struggle for the antimonopolistic coalition no longer meet the needs of time. The '80s were a very difficult time for leftist forces (for the communist parties in particular). At the same time that the neoconservatives succeeded in convincing society that their socioeconomic approaches were justified to a certain degree, the prestige of the leftist complex of ideas declined in particular under the influence of the crisis situation in a number of socialist countries. The internal configuration of leftist forces became more complex—new flows ("green," alternate movements) were added. Trade unions became more independent. A new line of differentiation-into conservatives and

"modernizers"—is now added to the watershed between left and right. Such variety in the leftist camp is the result of the expanding plurality of interests: there is an increase in the significance of intra- and extraclass differentiation of society (in particular, the objective and subjective fragmentation of the working class); the field of the working people's interests beyond material, production, and family relations is expanding.

The platform of the leftist forces under the new conditions, the speaker emphasized, cannot be based entirely on the customary approaches, but must appeal to the activism of civilian society, must defend the rights of the individual, while not neglecting problems relating to the development of production (where initiative still belongs to the neoconservatives). Even though a democratic alternative is impossible unless the positive aspects of the conception and especially the practices of neoconservativism are taken into account, it is wrong to think the present neoconservative policy is essentially without alternatives: on a number of issues, it is a palliative that entails not always justified social costs, that requires democracy in greater depth and breadth, etc. In K. Kholodkovskiy's opinion, not one of the leftist forces today is capable of acting as a universal bearer of a democratic alternative initiative: there is an urgent need for their interaction and cooperation (even if contradictory) in new, flexible forms, without copying the coalitions or "fronts" of the past. Naturally, it will hardly be possible to restrict ourselves to the framework of the leftist "camp" alone: there must be contact, dialogue, and cooperation on many questions with certain forces in the centrist and even conservative parts of the political spectrum. Consequently, the scholar noted, it is highly unlikely that the alternative will be "confrontational," but will rather be oriented toward another, more perfect synthesis of interests (including a number of attainments of neoconservative practice). Hence the probability of even several of its variants gradually moving toward compatibility and interpenetration. The fate of perestroyka in the socialist world will obviously hold great significance for the formation of this alternative and the "socializing" principles developed by it within twentieth century bourgeois society under the influence of the struggle of the working people and the competition of the two systems.

The report was discussed by Professor V. I. Kuznetsov, doctor of economic sciences; V. L. Sheynis, doctor of economic sciences; S. V. Chugrov, candidate of historical sciences; V. A. Skorokhodov, candidate of historical sciences, and others.

The Institute was visited by representatives of the American firm Price Waterhouse USA—Richard Hammer, director of the international tax service, and his deputy, Richard Eigenbrod—at the invitation of the Department of Economics of Interbranch Complexes of Capitalist Countries. This firm, which specializes in economic information, is known as one of the largest and most

authoritative in its area (over 100 offices in the USA and a work force of more than 10,000). It belongs to the international Price W. house network which has its home office in London and is represented by partnerships with 30 independent national firms operating on the basis of common methodology and cooperation in 99 countries of the world. Their business is based on the rendering of auditing services (verifying the financial records of firms) and on offering consultation on wideranging economic and technical questions: taxation, internal corporate planning, principles of entrepreneurial activity, the specifics of individual branches, mergers and absorptions, insurance, customs regulation, personnel incentives and motivation, inventory control, evaluation and reevaluation of assets, and management in government institutions. Clients include private companies, government services, nonprofit organizations, and private individuals.

The American visitors met and talked with V. A. Martynov, corresponding member of the USSR Academy of Sciences and director of IMEMO, who told them about problems addressed by the Institute's creative collective in the perestroyka stage, its present and future, and answered a number of questions. Both sides noted the importance and necessity of expanding relations, contacts and business cooperation between scholars, economists, and practical workers of both countries and their peoples in general, which should promote the strengthening of universal peace and security for the good of mankind, the spirit of confidence and mutual understanding.

A lecture delivered at the institute by R. Hammer and R. Eigenbrod evoked the considerable interest of IMEMO specialists and a number of other scientific and practical organizations in Moscow (in particular the Ministry of Finance, Vneshekonombank, the Moscow Finance Institute, and others). In the lecture, it was noted that the cardinal reform of the mechanism underlying the functioning of the Soviet economy and the shift in emphasis from administrative to economic regulatory methods made tax problems extraordinarily important and exceedingly urgent. Only by drawing on world experience is it possible to construct an effective tax system and avoid making mistakes. In the USA today there is heightened interest in potential investment in the USSR and hence there is a demand for detailed information on the tax regulatory mechanism as applies to the activity of joint ventures in the Soviet Union. The firm is prepared to offer its recommendations on improving the existing system of taxes especially from the standpoint of strengthening the stimulating influence on the investment decisions of foreign businessmen. R. Hammer emphasized in particular the tax policy dilemma common to all countries: how to maximize treasury revenues without stifling economic activity. In general, capitalist countries have arrived at certain standards in this area that can also be used in the Soviet economy which is undergoing reform: the optimal enterprise profit tax should be at the 30-35 percent level. The profit

tax established for joint ventures in the USSR (30 percent) combined with the tax on profits transferred overseas (20 percent) means of level of 45 percent for foreign investors, which is higher than the level they desire. The choice of the system of taxation is also important. In the opinion of the American specialists, which resounded in the lecture, today it is more important to be oriented toward direct taxes and a uniform tax rate since this simplifies the system of taxation and stimulates business activity.

In addition to IMEMO meetings were organized for the visitors with important officials of the USSR Council of Ministers' Commission on Economic Reform, the Ministry of Finance, Gosbank, Vneshekonombank, and the Academy of the National Economy. There was also a cultural program and the visitors were shown the sights of the capital.

The institute was visited by a group of representatives of the principal Swedish antiwar organizations (clerical, women's, students', etc.) headed by B. Khoyer. The visitors talked with Professor N. A. Simoniya, doctor of historical sciences; deputy director, IMEMO, and other lead associates, in the course of which they were briefed on the structure, functions, and research tasks of the institute; on research on the strengthening of peace and international security; on the development of the new thinking—the basis of Soviet foreign policy; on the study and forecasting of the socioeconomic situation in the country. Also discussed were questions concerning the indebtedness of Third World countries and Soviet approaches to possible ways of reducing the urgency of the problem, the situation in Cambodia (especially in the context of Soviet-Chinese relations), the economic situation in Nicaragua and other Latin American countries. The delegation's members were also interested in urgent problems of perestroyka-radical economic reform, democratization, the expansion of glasnost-and in this connection, the economics of disarmament and conversion, in particular, the formulation of the national plan for conversion in the Soviet Union. Also discussed were the prospects for the development of atomic energy in both countries, avenues of using alternate energy sources, the state of ecology in the USSR, and especially the improved monitoring of the quality of water in coastal zones. The visitors inquired about the possibility of Soviet participation in the International Monetary Fund and other international financial institutions, and the prospect of bilateral and multilateral cooperation between representatives of the scientific and creative

community of our countries, participants, and activists in autiwar and other democratic movements.

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